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SAN FRANCISCO AIRPORTS COMMISSION

--oOo--

Before Commissioners PATRICK A. MURPHY

President

J. STANLEY MATTISON

Vice President

L. ANDREW JEANPIERRE

JAMES K. HO

LOUIS A. TURPEN

Director of Airports

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REPORTER'S TRANSCRIPT OF PROCEEDINGS

July 20, 1993

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San Francisco, California

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**Airports
Commission**

City and County
of San Francisco
Frank M. Jordan
Mayor



San Francisco International Airport

GATEWAY TO THE PACIFIC

Patrick A. Murphy
President

J. Stanley Matison
Vice President

L. Andrew Jeanpierre

James K. Ho

Marie N. Brooks

August 11, 1993

Louis A. Turpen
Director of Airports

Ms. Sarah Lucia Brann
c/o Coombs & Greenley
49 Stevenson Street, Suite 400
San Francisco, CA 94105

Dear Sarah:

The following is a list of corrections that need to be made to the transcript of the July 20, 1993 Airports Commission meeting. The corrections appear in quotation marks.

<u>PAGE</u>	<u>LINE</u>	<u>ADD</u>	<u>DELETE</u>
4	11	"run" (along parallel)	"return"
7	8	(come to see us) "after they decide"	
10	15	(and the) "MOU" (between)	"MUO"
10	23	(Master Plan and the) "MOU"	"MUO"
10	23	(the Bay Area) "Air" (Quality)	
11	10	(1.33) "AVR" (in 1992.)	"ADR"
22	21	"ambitious" (MBE program)	"ambition"
23	5	(We also have five) "other"	"different"
23	6	(project centers) "throughout the State."	
25	7	(Bernie) "Dang."	"Day"
25	9	(Bernie) "Dang,"	"Day"
25	11	(Bernie) "Dang."	"Day"
34	12	"corporate" (headquarters)	



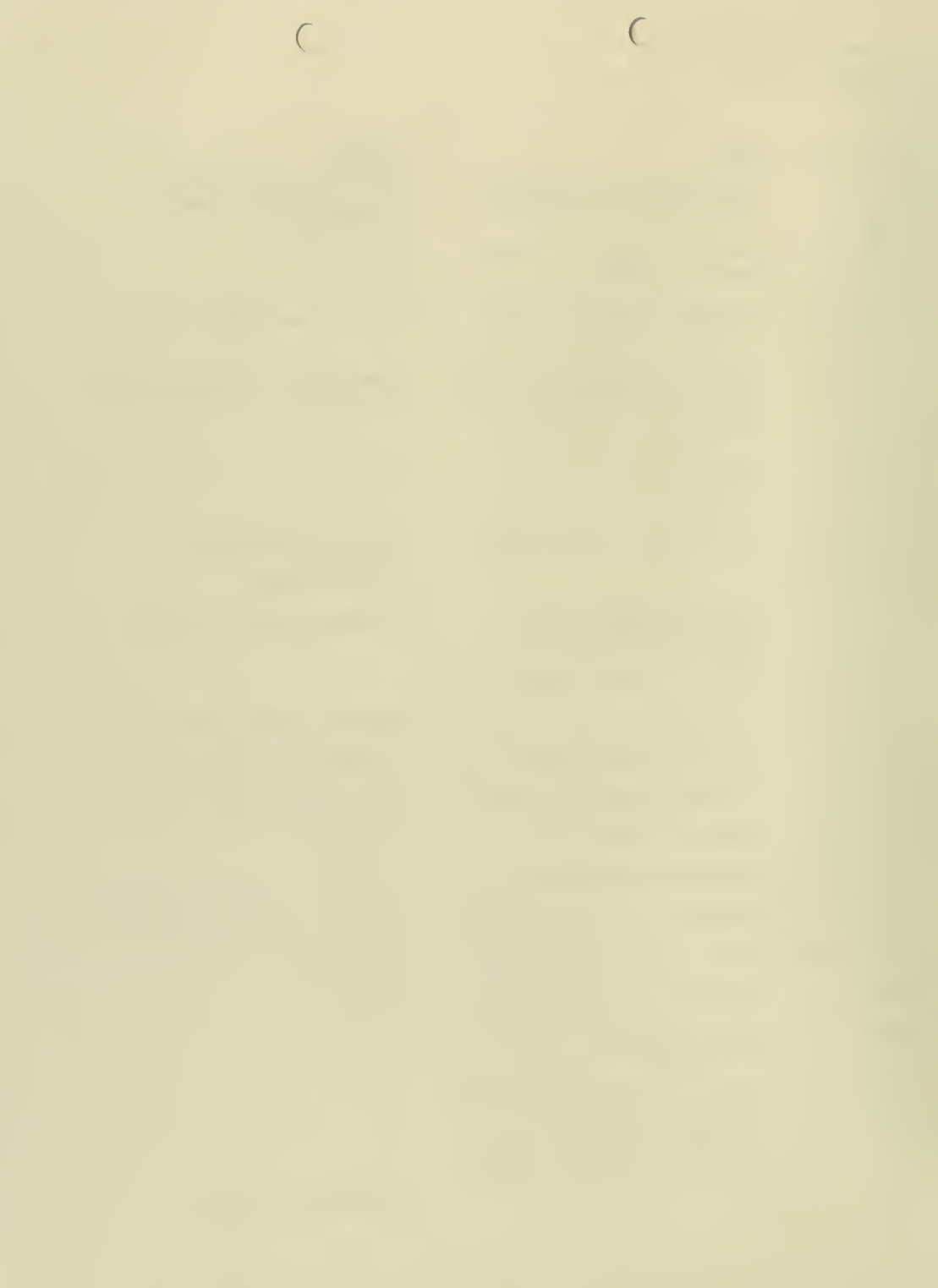
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<u>PAGE</u>	<u>LINE</u>	<u>ADD</u>	<u>DELETE</u>
39	1	(Vista Bar and) "TCBY" (Shop.)	"DCBY"
50	24	(Members) "include"	"use"
50	24		", Airport" (Van)
60	9	(operated by the) "duopolists,"	"dupolists"
61	10	(shuttle) "over" (population)	
61	12	(in) "their" (RFP)	"our" (RFP)
67	20	(six-county area) "picking up passengers"	
67	23	(On the issue of congestion) "reduction"	
68	20	"existing" (operations)	"operating" (operations)
69	7	(responses) "which I think is considered statistically significant."	
72	1	(hearing before the) "de facto" (revocation)	
79	4	(The) "walk-up" (shuttle)	(The) "pick-up" (shuttle)
80	7	(at the curb) "side."	(at the curb) "site."
81	11	(going to have) "longer" (lines)	"passenger" (lines)
83	8	(and on and on) "dealing with people"	
86	1	"Or out" (hustling)	"They are" (hustling)
87	4	"automobile" (have someone else)	"taxi," (have someone else)
89	9	(It may have been) "commissioners"	(It may have been) "commissions"
89	11	(providing) "public" transportation	
89	19	(has been met) "by"	"through"
91	16	(public policy) "issues."	(public policy) "proposals."



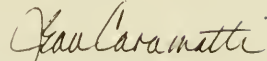
<u>PAGE</u>	<u>LINE</u>	<u>ADD</u>	<u>DELETE</u>
95	17	(We have had) "eloquent" (testimony)	(We have had) "elegant" (testimony)
95	21	(way of) "managed," (in the way of a stage.)	"Spanish"
98	21	(There is plenty of space) "to operate out there."	"out at the Airport there."
98	25	(that.) "Whatever is the blue zone is two companies, SuperShuttle and BayPorter Express."	"Wherever is the blue is two companies."
99	7	"ways to do it." (And in numbers)	"waste"
99	16	(sparring) "with Joe Forman"	(sparring) "when you"
99	17		"were forming."
100	3	"Francisco not Fernando." (And I am happy)	"Fernando San Francisco."
100	15	"Yellow" (Airport Shuttle)	
100	16		"Airport" (Shared Ride)
105	9	(identify yourself and) "your"	(identify yourself and) "our"
105	15	(two parking spaces) "each"	(two parking spaces) "here"
109	5	(two-hour) "waits"	"weights"
113	5	(limousine) "operation"	(limousine) "transportation"
114	5	(companies) "with a" (permit.)	(companies) "that" (permit.)
120	16	(zone is used) "exclusively"	"basically"
128	5	(downtown, even) "on" (their)	"though"
128	21	(of you Commissioners) "to get on my van"	
131	6	(people at SuperShuttle) "zone"	
132	18	"How about the other five counties?" (Neither of those)	
145	21		(I would also) "to"



Coombs & Greenley
August 11, 1993
Page 4

I can be reached at 876-2231 if you have any questions.

Sincerely,

A handwritten signature in cursive script, reading "Jean Caramatti".

Jean Caramatti
Commission Secretary



COMMISSIONER MURPHY: Okay. The July 20, 1993 meeting of the San Francisco Airports Commission will please come to order. Would you call the roll?

SECRETARY CARAMATTI: Commissioner Murphy?

COMMISSIONER MURPHY: Here.

SECRETARY CARAMATTI: Commissioner Mattison?

COMMISSIONER MATTISON: Here.

SECRETARY CARAMATTI: Commissioner Jeanpierre?

COMMISSIONER JEANPIERRE: Here.

SECRETARY CARAMATTI: Commissioner Ho?

COMMISSIONER HO: Here.

SECRETARY CARAMATTI: You have before you the minutes of the regular meeting of June 15, 1993.

COMMISSIONER MURPHY: Move.

COMMISSIONER JEANPIERRE: Second.

COMMISSIONER MURPHY: So ordered.

SECRETARY CARAMATTI: The first item is the director's report. Item number one is BART to the airport.

MR. DENNIS BOUEY: Commissioners, on July 8th, representatives from BART and SamTrans conducted a scoping meeting for which the purpose was to receive

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1 comments from the general public as to what other
2 alternatives for BART on the Peninsula should be
3 examined during their EIR process.

4 In addition to the July 8th hearing, BART and
5 SamTrans were willing to receive comments from the
6 general public, written comments, that is, to July 16th.

7 They will review and screen those
8 alternatives and report on a preliminary basis to the
9 advisory committee, which I will explain in a moment, at
10 the end of July, and present formal recommendations to
11 the same advisory committee in mid-August. The draft
12 EIR is expected to be completed in April '94, and public
13 comments on that draft EIR are expected in May 1994.

14 They have indicated that the advisory
15 committee will consist of representatives of Colma,
16 South San Francisco, San Bruno, Millbrae, MTC, and San
17 Francisco Airport.

18 The meeting, in addition to outlining the
19 process, had two other component parts. One was the
20 comments from the public delineating what they thought
21 the alternatives should be, and the other was just a
22 comments session in which the public could make whatever
23 comment they wanted on existing alternatives or those
24 proposed that evening.

25 During the scoping portion there were nine



1 speakers. The general comments consisted of a plan
2 submitted by a man by the name of, businessman from San
3 Bruno named Dennis Samec (phonetic) who suggested that
4 the BART station be built in downtown San Bruno, which
5 would involve the destruction of approximately 400
6 homes.

7 There was a plan put forth by San Bruno
8 called the San Bruno plan which would realign BART and
9 CalTrain on the eastern section of the Airport's
10 west-of-Bayshore property, run under I-380, and either
11 return along parallel to 101 or catch a freight spur and
12 connect with the existing CalTrain line at Grant Station
13 in South San Francisco.

14 Another plan submitted by the Sierra Club was
15 that the Intermodal Station for BART should be located
16 on the most southern tip of our west-of-Bayshore
17 property. And there were several comments that BART
18 just shouldn't come down to the Peninsula. It should
19 stop at Colma, and CalTrain should be upgraded,
20 modernized, and extended from downtown near Fourth
21 Street to Market and the Embarcadero.

22 In general, those were the alternatives put
23 forward.

24 In terms of the last section of the meeting,
25 the general comments received from the public, there



1 were 20 speakers, and the comments fell into certain
2 general categories.

3 The first was, they asked that BART survey
4 and analyze very critically the impact on the
5 surrounding communities where these BART stations would
6 be built, were proposed to be built.

7 Parking was also another issue that was
8 raised time and again. Contained cost was another issue
9 that was raised again. Some people have suggested that
10 the SamTrans station be eliminated, and which subsequent
11 speakers then indicated that that would impact Hickey
12 Station, create more traffic in that neighborhood, and
13 that needed to be examined if that were done.

14 And probably the most interesting comment,
15 which was the last one of the evening, and that was one
16 speaker just didn't understand why we just didn't put
17 BART in the already existing station in the San
18 Francisco International Airport's garage.

19 COMMISSIONER MURPHY: Sometimes known as the
20 Turpen Station.

21 Dennis, a question or two.

22 On the various alternatives for SFO were
23 there any engineering studies mentioned or anything? We
24 constantly hear about engineering studies.

25 MR. BOUEY: No, there was not, Commissioner.



1 Although there were a couple of elected officials, most
2 notably from San Bruno who advanced the San Bruno plan,
3 and Dennis Samec announced he had hired an engineer to
4 help put together his plan, each speaker was limited to
5 five minutes, and they were generally from the public,
6 so there was no detailed analysis given.

7 MR. MATTISON: What's the follow-up now on
8 that scoping meeting? Is there now a second or a series
9 of this, or is that pretty much it?

10 MR. BOUEY: That's pretty much it. BART, or
11 this advisory board has indicated what they will do is
12 have BART analyze the alternatives. They will give the
13 preliminary analysis to this advisory committee, which
14 is made up of the cities and the Airport and MTC, on
15 what they think should be studied in the EIR, and then
16 they will make a final recommendation in mid August.
17 And at that point BART would then do an alternative
18 analysis in their EIR, and publish their Draft EIR in
19 April 1994.

20 COMMISSIONER MATTISON: Will staff have one
21 representative on their, what, six- or seven-member
22 advisory committee, or no representation? Have we
23 declined representation on that?

24 MR. TURPEN: I think, Commissioner, what will
25 happen is we will continue to work with both SamTrans



1 and BART as they request specific input or access to any
2 information at the airport. There are still some
3 uncertainties as to if and how BART will extend beyond
4 the Intermodal Station and into the airport. There have
5 been a number of options put forth, but I don't know at
6 this point which of those options will survive --

7 COMMISSIONER MATTISON: So, we are waiting
8 for them to come to us.

9 MR. TURPEN: I think that's right.

10 COMMISSIONER MURPHY: Any more on BART?

11 MR. TURPEN: One last question. Was there a
12 date for the completion of the Intermodal or BART
13 extension to the Airport or the Intermodal Station?

14 MR. BOUEY: No date was mentioned.

15 SECRETARY CARAMATTI: Item number two is a
16 report on state legislation.

17 MR. TURPEN: As the Commission is aware of,
18 there were two bills concerning the Airports Commission,
19 Senate Bill 649 and Senate Bill 245, which the
20 Commission and the City opposed.

21 Senate Bill 629 was not heard, was not
22 calendared by the author. That was a bill which
23 concerned noise insulation, one with which I know the
24 Commission is intimately familiar, because it's been up
25 to Sacramento a few times.



1 SB245, the Congestion Management Bill, was
2 defeated in the Assembly Transportation Committee 13 to
3 three. The request for reconsideration was granted, and
4 the bill is presently sitting in the Assembly
5 Transportation Committee. We will continue to monitor
6 both pieces of legislation and advise the Airports
7 Commission of any changes in the status.

8 COMMISSIONER MURPHY: Question on insulation.

9 We hear from time to time that the Airport is
10 dragging its feet on insulation. Is there money
11 available? What's going on?

12 MR. TURPEN: Yes, Commissioner. There is
13 some confusion in the community, or in some quarters on
14 the subject of insulation.

15 The way the insulation program was set up in
16 each of the communities surrounding the Airport is that
17 the community itself drives the process. The community
18 makes a determination of the rate, number of homes and
19 rate at which those homes will be insulated. Presently
20 the Airport and Federal Government had combined to make
21 available 25 million dollars for home insulation.

22 Presently only six million dollars of that
23 has been expended. There are currently 19 million
24 dollars remaining in an appropriated fund for home
25 insulation.



1 Hopefully the pace of the community's efforts
2 will pick up, and as it does clearly we will make more
3 money available. I think in your package today items, I
4 think it's five and six is another roughly two and a
5 half million, which will bring that appropriation over
6 20 million dollars.

7 COMMISSIONER MATTISON: Oh, this two and a
8 half is not part of the 20. It's additional.

9 MR. TURPEN: That's correct, Commissioner.

10 COMMISSIONER JEANPIERRE: The engine that
11 drives this is the application at the city level; right?
12 People who request the insulation.

13 MR. TURPEN: I think that's right. What
14 drives the process going back is a noise map which was
15 filed by the Airport which has about 10,000 homes in it,
16 a 1983 map. That defines the available area. That map
17 obviously covers a number of cities, most notably San
18 Bruno, South San Francisco, Daly City.

19 And those communities then have established
20 individual programs within each of their communities to
21 insulate homes, making application to the Federal
22 Government and to the Airport for appropriate funding.
23 In effect we are simply almost like a banker in this
24 thing, where we are literally financing the efforts of
25 the local communities in terms of insulation.



1 COMMISSIONER MURPHY: I assume we are also an
2 expeditor. We assist them in getting their applications
3 in, in order to get it moving, but it's up to them to
4 start it going.

5 MR. TURPEN: The applications haven't been a
6 problem, Commissioner, because the money is there, so
7 the federal applications have gone quite well. It's
8 just the pace of the physical insulation program that's
9 been a problem.

10 COMMISSIONER MURPHY: Next item.

11 SECRETARY CARAMATTI: Review of the Proposed
12 SFO Trip Reduction Rule and Delegation of the Regional
13 Trip Reduction Rule to the Airport.

14 MR. TURPEN: The EIR mitigation is in the
15 Airport Master Plan, and the MUO between the Airports
16 Commission and San Mateo County officials requires the
17 Airport reduce traffic by two percent each year during
18 the first five years of the Master Plan. The focus of
19 our effort will be Airport employees, since Airport
20 employees comprise approximately 40 to 45 percent of the
21 daily vehicle trips to the Airport.

22 In conjunction with our responsibilities
23 under the Master Plan and the MUO, the Bay Area Quality
24 Management District has higher standards for vehicle
25 occupancy than does San Mateo County's congestion



1 management plan. As the Commission knows, the
2 Commission committed to meet or exceed all of San Mateo
3 County's goals, but since the Bay Area Air Quality goals
4 are higher than San Mateo County's, we obviously will
5 meet their goals.

6 Currently Bay Area Air Quality has
7 established a goal of 1.35 average vehicle occupancy for
8 the San Mateo Santa Clara area, to be accomplished by
9 1999. Our preliminary data shows Airport employees
10 achieving a 1.1, 1.33 ADR in 1992.

11 We drafted an airport-wide trip reduction
12 rule which we would like to present to Bay Area Air
13 Quality as well as the Airport tenants for their
14 comment. This is the first step in that process. We
15 will do that and then come back to the Airports
16 Commission at an appropriate time with a recommendation
17 for changes in the Airport rules and regulations to
18 implement this trip reduction rule.

19 MR. MATTISON: The proposed legislation that
20 you mentioned, just defeated recently in the Assembly
21 transportation subcommittee, wasn't that attempting to
22 hold us to the lower standard, ironically? If I am
23 understanding this correctly, it would have applied the
24 Congestion Management Plan of San Mateo County, pretty
25 much exempting us from the higher standards that we are



1 prepared to undertake.

2 MR. TURPEN: I think that's right.

3 MR. MATTISON: How do you account for that?

4 MR. TURPEN: I can't. I mean, it's just --
5 there are conflicting standards in the congestion
6 management area. The congestion management issue or
7 effort is a relatively recent one, starting about 1989
8 or 1990.

9 So, my view, Commissioner, is that there may
10 be some conflicts out there. Clearly the Commission's
11 view is we will meet the highest appropriate standard
12 applicable to the Airport, which in this case is the Bay
13 Area Air Quality standard. Since it does exceed the San
14 Mateo standard, which we have promised we would meet or
15 exceed, then our action here today is wholly consistent
16 with the Commission's commitment.

17 But your point is well taken. I don't know
18 what the net effect would have been on Bay Area Air
19 Quality standards had a separate law been passed
20 creating a special niche for the San Francisco Airport.

21 MR. MATTISON: No action required on this
22 item right now. It's advisory.

23 MR. TURPEN: No, sir. Just with the
24 understanding, the Commission understands we will be
25 going forward to solicit reaction and comment.



1 SECRETARY CARAMATTI: Next is Items Initiated
2 by Commissioners.

3 COMMISSIONER MURPHY: Nothing? Nothing? We
4 have a full enough calendar today. I don't want to
5 waste a lot of time. All right. No items.

6 SECRETARY CARAMATTI: Item four, Policy
7 Establishing Airport Water Rates.

8 MR. TURPEN: This is a policy item for the
9 Commission's consideration. Historically the San
10 Francisco PUC has established rates for water service,
11 not only for the Airport but its tenants.

12 PUC recently changed its policy to establish
13 rates for the Airports Commission, and therefore now the
14 Commission must establish rates for its tenants.

15 This policy in effect would state that the
16 Airport shall bill Airport tenants for water service
17 according to Schedule W-21 of the rate schedule for
18 water service as treated by the San Francisco Water
19 Department. There is an companion item which is part of
20 the rates and charges which in effect executes this
21 policy, so I would ask at this point that you approve
22 it.

23 COMMISSIONER MURPHY: Move.

24 COMMISSIONER JEANPIERRE: Second.

25 SECRETARY CARAMATTI: Commissioner Murphy?



1 COMMISSIONER MURPHY: Yes.

2 SECRETARY CARAMATTI: Commissioner Mattison?

3 COMMISSIONER MATTISON: Yes.

4 SECRETARY CARAMATTI: Commissioner
5 Jeanpierre?

6 COMMISSIONER JEANPIERRE: Yes.

7 SECRETARY CARAMATTI: Commissioner Ho.

8 COMMISSIONER HO: Yes.

9 SECRETARY CARAMATTI: Items five and six are
10 being called together. They are item five, County of
11 San Mateo Home Insulation Project (FY93/94 - \$250,000),
12 and item six, City of Daly City Home Insulation Project
13 (FY93/94 - \$250,000).

14 MR. TURPEN: The Commission is well aware of
15 the insulation program under the MOU to which the County
16 of San Mateo and Daly City are both signatory. They
17 have made application to the airport for matching funds
18 based on a federal grant of I believe about a million
19 dollars. So, the net of these two is two and a half
20 million dollars, which would be an insulation commitment
21 under the provisions of the memorandum of understanding.

22 MR. MATTISON: These expenditures are for
23 specific residences. These projects are identified and
24 moved forward?

25 MR. TURPEN: That's correct.



1 COMMISSIONER MURPHY: Move.

2 COMMISSIONER JEANPIERRE: Second.

3 COMMISSIONER MURPHY: Do you want to take
4 them separately or together?

5 SECRETARY CARAMATTI: We can take them
6 together.

7 COMMISSIONER MURPHY: Okay. Let's take them
8 together. That's what I meant by moving.

9 SECRETARY CARAMATTI: Commissioner Murphy?

10 COMMISSIONER MURPHY: Yes.

11 SECRETARY CARAMATTI: Commissioner Mattison?

12 COMMISSIONER MATTISON: Yes.

13 SECRETARY CARAMATTI: Commissioner
14 Jeanpierre?

15 COMMISSIONER JEANPIERRE: Yes.

16 SECRETARY CARAMATTI: Commissioner Ho.

17 COMMISSIONER HO: Yes.

18 SECRETARY CARAMATTI: Item seven, Host Food
19 and Beverage lease, facility package number eight.

20 COMMISSIONER MURPHY: Why don't we hear from
21 staff, just to start, as to what this is all about, and
22 then we will hear from the numerous speakers.

23 MS. ANGELA GITTENS: Commission, this is the
24 last of the eight subleases under the Host International
25 Food and Beverages subleasing program that the



1 Commission put into effect in February of '92, I
2 believe.

3 COMMISSIONER MURPHY: It seems like only
4 yesterday.

5 COMMISSIONER JEANPIERRE: All of '92.

6 MS. GITTENS: This is the third of the three
7 in the last group. The Commission has previously
8 approved the other two, so this is the last of the last.
9 And I think, as we could expect, we have gotten little
10 concerns. We have had some concerns expressed, I think
11 as was wholly predictable when we do get to the last
12 round of our endeavors.

13 The recommended winner by Host International
14 for the patio restaurant is Western Sports Enterprises
15 which, as your package indicates, has experience in food
16 service at stadiums and other public event type of
17 activities. Western Sports Enterprise is a current
18 subtenant in a retail concession that's held by Host in
19 the North Terminal.

20 COMMISSIONER JEANPIERRE: What are some of
21 the primary concerns?

22 MS. GITTENS: I think the -- I think the main
23 concern is that obviously there are now not going to be
24 some winners, as there are no more opportunities in the
25 near future, unless and until some of the current



1 concessionaires drop out, or unless and until there is
2 additional space, which we will have in the
3 International Terminal.

4 I think some specific concerns that were
5 expressed as recently as yesterday, which you will
6 probably hear some speakers about, was some apparent
7 confusion having to do with a portion of a facility, a
8 portion of the space in this, within this larger space,
9 which is the patio cafeteria.

10 There is an Udon Bar, which is an actual
11 physical structure within the space, which is being
12 removed because that is, that's Host equipment and
13 Host's structure, which will be taken out of that bar.
14 And, from what we understand, at least one item picked
15 for a particular position indicates that there was some
16 confusion as to whether that space was going to be
17 included in this sublease area or not. The space is
18 included, and always was intended to be included.

19 COMMISSIONER MURPHY: Okay. Let's hear from
20 the speakers and perhaps come back.

21 Jose Placencia.

22 MR. JOSE PLACENCIA: I would like to defer to
23 Mr. Clark Sharpe at this moment.

24 COMMISSIONER MURPHY: Okay. Mr. Sharpe?

25 MR. CLARK SHARPE: Thank you, Mr. President,



1 and other members of the Commission. I appreciate the
2 opportunity to comment upon having had the opportunity
3 to implement this M/WBE program under the lease which
4 Host International administers. Your vision for
5 creating a quality M/WBE program is to be complimented.
6 And I would like to put that in perspective.

7 Having been the former FAA official
8 responsible for implementing business programs across
9 these United States, I have worked on all of the major
10 airports. This particular contract culminates the
11 largest merit-based opportunity in this country. And
12 it's not a small event. I think it's one that you
13 deserve to be complimented on. It's taken more than 600
14 person hours of our time. It's an opportunity that
15 exceeds some 12 million dollars total expected sales.
16 We sifted through more than 180 proposals, conducted
17 over 58 interviews.

18 It's been an enormous effort. It's not by
19 any means a perfect effort, but it's one that represents
20 the best merit-based opportunity across this country.
21 It does include a very good cross section, diversity, as
22 we would call it, of the citizens of this community.
23 And we would like to join the staff in requesting the
24 Commissioners' approval so that this opportunity might
25 get underway on the 3rd of August, and it will culminate



1 the last of those eight opportunities.

2 COMMISSIONER MURPHY: Okay. Mr. Kattengell.

3 MR. BOB KATTENGELL: Good morning,
4 Mr. President, Commissioners, Mr. Turpen.

5 Again, I just briefly wanted to take the
6 opportunity to again paraphrase Mr. Sharpe's comments,
7 and, as the general manager for Host International here
8 at the San Francisco Airport, wanted to request your
9 approval today.

10 We are, as we say, on the home stretch. We
11 are two weeks away from final implementation. It's been
12 a long process, but one that I think I personally and
13 the staff in San Francisco is very, very proud of. It's
14 the largest program that our company has instituted, and
15 we feel that it's been a great success, and we look
16 forward to August the 3rd and to the final
17 implementation of this program. Thank you.

18 COMMISSIONER MURPHY: Mr. Placencia, did you
19 want to pass altogether, or did you have anything you
20 wanted to add?

21 MR. PLACENCIA: Good morning, Commissioners,
22 Mr. Turpen.

23 I just want to say that Western Sports is
24 eminently qualified to run this operation. We attended
25 all of the eight prebid conferences. We attended all of



1 the eight work session seminars on putting together
2 proposals. We worked extremely hard to become a
3 successful bidder. We lost on one occasion, so we have
4 been through the process.

5 Concerning the confusion of the Udon Bar, it
6 was very clearly stated at the prebid conference that
7 the sales for that particular operation was not, or were
8 not included in the prebid package, and it was repeated
9 twice. I have my notes here from December 10th, which
10 is the date of the prebid conference, and Mr. Kattengell
11 clearly stated that the Udon Bar was not included in the
12 operation of the patio. So, I don't know what the
13 confusion is coming from. There was certainly no
14 confusion on this end.

15 COMMISSIONER MATTISON: The space was
16 included, but not the bar.

17 MR. PLACENCIA: That's right. Thank you.

18 COMMISSIONER MURPHY: Ms. Gittens, could I
19 ask you a question?

20 A communication we have had indicates that
21 revenues of minority- and women-owned facilities at the
22 airport have declined sharply. Is that correct?

23 MS. GITTENS: There is one sublessee that has
24 had a sharp decline in revenue, a sublessee that has two
25 bars. And there has been about a 19 percent decrease in



1 the revenues for that particular subcontractor, who has
2 been in business since February of '93. So, I believe
3 it's too soon to tell what's happening.

4 Several of the bars, except in the North
5 Terminal, several of the bars are generating less
6 revenue over the last year to two years, primarily
7 caused by, we believe, caused by the changes in our
8 smoking policies. Some of these bars smoking is not
9 allowed if it reaches out into another area. And we
10 keep trying to adjust the smoking policy. And that does
11 have an effect on the bars.

12 Some of the subcontractors have increased
13 revenues over the sales experience in 1990. Some have
14 stayed about flat, and some have gone down. The
15 experience of Host itself, if you exclude the
16 subcontracts, is that revenue is about flat.

17 COMMISSIONER MURPHY: About flat?

18 MS. GITTENS: About flat, yes.

19 COMMISSIONER MURPHY: Thank you.

20 Howard Young?

21 MR. HOWARD YOUNG: President Murphy,
22 Commissioners, Director Turpen, my name is Howard Young,
23 and I am the president of H. Young Enterprises and the
24 future owner of the Cafe Espresso, the seventh sublease.
25 I am here to comment on the process, not from the



1 perspective of being a future owner, but having gone
2 through the process since April.

3 I attended all eight pre-proposal
4 conferences. I submitted four proposals, was turned
5 away on three, and was finally awarded on the seventh
6 sublease.

7 In retrospect I would say that in order to
8 successfully be awarded the sublease it requires a great
9 deal of work, a great deal of attention to detail, and a
10 great deal of time. And I can honestly say that if I
11 did not go through the entire process, in attending all
12 the workshops, all the pre-proposal conferences, and all
13 the debriefing sessions, that I would not be here today.

14 In respect to the consistency and the
15 fairness, I can almost say that Host's approach in this
16 was so consistent that I could probably give a
17 pre-proposal conference myself. And I would say that on
18 August 3rd I am going to be a very proud owner, and on
19 August 3rd I would like to be a very proud associate of
20 the conclusion of what I consider a very generous,
21 ambition MBE program that the Host International and the
22 City of San Francisco can be proud of. Thank you.

23 COMMISSIONER MURPHY: Okay. I may get this
24 name wrong. Vijaya Rogers.

25 MS. VIJAYA ROGERS: Vijaya.



1 COMMISSIONER MURPHY: Vijaya. Sorry.

2 MR. JIM PAYNE: Good morning, Mr. Turpen. My
3 name is Jim Payne, and I am the project director for
4 NEDA, which is a minority business development center
5 located in the Bay Area. We also have five different
6 project centers.

7 The reason we are here, and the reason Vijaya
8 is going to speak to you, is that we believe that you as
9 Commissioners and cities have a responsibility to
10 institute programs such as is going on with Host today,
11 and we applaud you for that. We also think that you
12 have a responsibility to see to it that there is an
13 element of fairness in whatever process you initiate.

14 Vijaya is going to speak to you about why we
15 are here. We are not convinced that the process was
16 either consistent or fair, and we felt that it was
17 important that we come here and say this to you. In
18 addition to your hearing from people who have won, you
19 should also hear from people who have lost, and about
20 elements of the process that we find fault with.

21 MS. VIJAYA ROGERS: I had the opportunity to
22 work with a client by the name of El Faro, and we put
23 together three proposals for El Faro. As a matter of
24 fact, El Faro is not here this morning because they are
25 thoroughly disgusted with the whole process and how they



1 were treated.

2 I am here on behalf of NEDA because I want to
3 see that this process is fair. If we are going to
4 implement something for minorities, then it has to be
5 fair. Otherwise it defeats the whole purpose. But I am
6 also here on behalf of my client.

7 First of all, what we have seen is that this
8 process was supposed to be overseen by, according to the
9 resolution that was passed by the Board of Supervisors
10 in 1992, that this process, there were some concerns
11 that were raised, and that they had asked that this be
12 monitored by the Airport Commission.

13 Based on what we have seen, we have a doubt
14 that that was done. The only evaluators that we have
15 seen through the whole process was the evaluators. The
16 scoring was never disclosed in detail. At the
17 debriefing you get, they tell you what the total scoring
18 was for yourself, but it's never -- they do explain to
19 you that each person scores you differently and -- but
20 it's never disclosed how, what was the scoring, or how
21 it was done. We have never seen that.

22 And secondly, we think the process was
23 unfair, because the Udon Bar, up till two hours before
24 the bid was due, it was still not clear about what was
25 what.



1 MR. PAYNE: It's not clear now.

2 MS. ROGERS: It's not clear now. I attended
3 a briefing with my client in which I specifically asked
4 the question with my client present at that time what
5 was going to happen to the Udon Bar. She stated to me
6 at that time that she understands that probably it's
7 going to be moved, and that I should call Bernie Day.

8 I made a phone call, I think I would say
9 about 10 phone calls to Bernie Day, specifically leaving
10 a message about what I was calling about. I never
11 received one phone call from Bernie Day. I called
12 Mr. Kattengell. I was told he was out of town.

13 Nobody could give me -- how can you possibly
14 put a proposal together when you don't know what it's
15 supposed to be? So, if we have 33 people bidding, 33
16 people are bidding on something different. How can the
17 panel of evaluators decide on what's the best proposal
18 if every single one is bidding on something different?

19 We had to fight about the square footage on
20 there. We had to find about, no, the Udon Bar is not
21 supposed to be there.

22 By that time El Faro was very, so to speak,
23 in the limelight. And I am not sure that was the best
24 thing for them, but at the same time how could we
25 possibly have put together a proposal not knowing what



1 it is that we are supposed to talk about?

2 MR. PAYNE: The issue about the Udon Bar is
3 not just that it's physically present, but there is
4 shared seating. The Udon Bar is in the middle of the
5 cafeteria. It's on one wall, but midway up the wall.
6 And the issue is, where will the people who buy from the
7 Udon Bar sit, and where will the patrons from the patio
8 sit, and how much seating is going to be available?

9 MS. ROGERS: We were told that it was going
10 to be worked out between the successful proponent and
11 Host. How can that be? That doesn't sound logical. If
12 you make a deal with somebody, you say, hey, you get
13 awarded and we will work it out later. What choice do I
14 have? If I say no, am I out of the running?

15 MR. PAYNE: The real question is, if people
16 proposed bids that ignored the existence of the Udon
17 Bar, did Host in fact score them down? It's a question
18 that has to be asked.

19 MS. ROGERS: And it's something that's in our
20 mind, and we can't possibly discover that didn't happen.
21 So, we are highly concerned about that.

22 The second issue was, you know, there was,
23 during this whole process we heard the term best suited,
24 as opposed to best qualified. Best suited for who?
25 Best suited for the Commission? Best suited for Host?



1 You can't be best suited for the physical establishment,
2 obviously. A restaurant is a restaurant, and you will
3 do what you have to do in the restaurant. But I think
4 it should have been clear, best suited for who?

5 And I think in this case it was very obvious
6 it was best suited for Host. You had to fit within the
7 image that Host wanted you to fit in. If you didn't fit
8 in that, you did not qualify. My client was a highly
9 qualified restaurant owner. They have operated
10 restaurants in the Bay Area for over 20 years. They
11 have had several awards, by the Mayor, by the newspaper.

12 I mean, how can it possibly be that they were
13 not suited for any one of these restaurants? I fail to
14 understand that.

15 We went to a debriefing. We were told the
16 purpose of the debriefing was to allow you to make
17 changes and be better the next time you bid. The first
18 time we agreed there were changes that had to be made.
19 We accept that. The second time during the debriefing
20 we were told that our client did not get selected
21 because they had no sit-down experience and no bar
22 experience. Commissioners --

23 COMMISSIONER JEANPIERRE: Excuse me. Did you
24 or did your organization prepare a package for any other
25 company but El Faro?



1 MS. ROGERS: No. We believe that we can only
2 have one client at a time, to give the client our best.

3 COMMISSIONER JEANPIERRE: Over the other
4 offerings, what about the other offerings?

5 MR. PAYNE: We prepared three packages.

6 MS. ROGERS: For the same client.

7 MR. PAYNE: But for three different sites.

8 MS. ROGERS: We were told that one of the
9 reasons they had not been selected was they had no
10 sit-down experience and no bar experience. I fail to
11 understand that, because I turned to the page that was
12 in the proposal in front of my clients and I said, "I am
13 sorry. This just doesn't sound right. There is a
14 picture here of a whole bar. There are color
15 photographs of a sit-down restaurant, plus there was a
16 site visit. How can you possibly miss that?"

17 So, the explanation I got was, well, there
18 were 33 proposals. When you read 33 proposals you are
19 bound to forget, when you reach to page whatever the
20 case may be.

21 I am sorry. That is not a good explanation.
22 You cannot not award somebody on the basis that maybe
23 the people forgot. In that case all the people on the
24 panel forgot? But we didn't have a chance to see,
25 because we never saw the individual scoring, on whose



1 word it is that the people forgot.

2 How can eight people -- or I don't know how
3 many was on the panel. How can all of them forget that
4 they had seen a picture of a bar and a picture of a
5 sit-down restaurant with staff? And they were already
6 familiar with that part of our client, because they had
7 gone through the process.

8 So, you know, we believe that the RFP was
9 flawed. We believe it was very misleading. And NEDA is
10 in the community. We are here on behalf of NEDA and
11 also on behalf of El Faro. We believe that RFP should
12 be discarded. We believe it should go out on the street
13 again and bid, and give a fair chance to everybody.
14 Otherwise, the purpose of it is, it's not...

15 MR. PAYNE: We think that -- just one more
16 comment.

17 We think that all of the people who won went
18 through the process. We think they all worked hard,
19 because it was a difficult process to respond to. We
20 are not here to cast any disparaging words on any of
21 those people.

22 What we are here to say is that processes
23 need to be fair, and if they are not fair, what happens
24 is that people lose confidence in those people that are
25 operating those processes. This process was not, was



1 clearly not overseen and operated by anyone in
2 government.

3 One last comment. I recognize that Host has
4 a deadline of August the 3rd. And I guess what we are
5 asking you to do is to trade off the difference between
6 meeting a deadline and fairness.

7 COMMISSIONER JEANPIERRE: On the first three
8 packages that you prepared, did you consider the results
9 of those three fair?

10 MS. ROGERS: The first one --

11 MR. PAYNE: The second one was definitely not
12 fair.

13 MS. ROGERS: I said there was something that
14 was wrong. The second one definitely did not -- the
15 points we were told, that the proposal was an excellent
16 proposal, that the thing that counted against the client
17 was the fact that they had no sit-down experience and no
18 bar experience, which in both cases was not true.

19 MR. PAYNE: And documentation was made
20 available.

21 MS. ROGERS: If we are being told that these
22 people could not remember after so many proposals, we
23 have to ask ourselves the question, had they remembered,
24 would the client have won?

25 COMMISSIONER JEANPIERRE: This client, or the



1 first three clients?

2 MR. PAYNE: It's the second bid, on the Cafe
3 Espresso.

4 MS. ROGERS: We bid all three for the same
5 client.

6 COMMISSIONER MATTISON: I can empathize with
7 the problem there. I am trying to make sure in my own
8 mind, with all due respect, if we are maybe dealing with
9 a comment that was made during the debriefing that's
10 really removed from the actual selection process itself.

11 I think it's obviously worth a look to just
12 ask Host to go back and check, because clearly in a
13 debriefing you are trying to explain to 30 people why
14 they didn't win. And if in fact a comment was made
15 that's absolutely flat out erroneous, then you really
16 just quickly need to go back and make sure internally
17 that in fact --

18 I am convinced the scoring was done on a
19 proper basis as intended. I am not necessarily
20 convinced that by the time the scoring was all compiled
21 and then various results and rationales were then
22 digested and came out in a debriefing, that necessarily
23 the right reasons correlated with the right proponents.

24 I think that's -- because you raised the
25 issue, and obviously you raised the whole question that



1 we have dealt with over and over and over again in
2 continuing to satisfy or attempt to satisfy ourselves
3 about the integrity of the process, it is worth another
4 look. And I am sure Host would oblige us by addressing
5 that particular issue. But I -- I am still looking for
6 analysis that gives rise to your concern about the
7 overall fairness of the process.

8 We have really felt very good about the
9 process for this past 14, 18 months. So, any time we
10 hear an example like that, particularly that arises
11 during a debriefing post-award, we would like to go back
12 and get that one validated as well, or at least
13 investigated.

14 MR. PAYNE: Commissioner, we are not here to
15 say that there is any malice on anybody's part. What we
16 are here to say is, is that when the process is put in
17 place somebody has responsibility for seeing to it that
18 it's fair. That's all we are saying.

19 In the debriefing the person that made the
20 comment about the bar and the sit-down restaurant was
21 not a scorer. That comment came from somewhere, unless
22 they just invented it.

23 COMMISSIONER MATTISON: That was my point, is
24 that it was not involved in the scoring. It was
25 unfortunately involved in communicating back in the



1 debriefing.

2 MS. ROGERS: Well, I had to also ask the
3 question, because Ms. Axline actually was not present
4 during that last interview when my client was there that
5 I think it was recorded.

6 So, obviously, like you said, the comment had
7 to have come from somewhere. But it's hard for us to
8 understand where, if she wasn't there, she actually had
9 only two points that was brought up in the debriefing,
10 which were those two points. And if you don't see the
11 individual scoring, how can you base that?

12 And what, the other issue we did bring up is
13 we think the Airport Commission did disallow the concept
14 of employees being able to bid on this process, who are
15 current Host employees. Is that correct?

16 And so we are having here an actual existing
17 vendor. And we also have concerns that, I mean, not
18 that you will do it deliberately, but if I stand in
19 front of you and I know all of you, are you going to pay
20 me more attention? I mean, that's human nature. Or are
21 you going to say, treat me exactly like all these people
22 who came in front of this panel?

23 I mean, I am not saying that they did give
24 him, but I am saying human nature cannot say, cannot
25 allow you to say, hey, you know, I am just going to



1 consider this person. Even if you say that to yourself,
2 I think some, subconsciously you don't.

3 COMMISSIONER MURPHY: Okay. Are you done?

4 MS. ROGERS: We have concerns about that.

5 COMMISSIONER MURPHY: I understand. We have
6 some other speakers to hear from, too.

7 MS. ROGERS: Thank you.

8 COMMISSIONER MURPHY: Thank you.

9 Terry Axline.

10 MS. TERRY AXLINE: Thank you, Commissioners
11 and Mr. Turpen. I work for Host International in
12 headquarters. And just to give you a little bit of
13 information about my role in the process itself, as was
14 just spoken about, I was a part of the evaluation
15 process in a monitoring and management capacity. I was
16 present during all of the interviews and conducted the
17 debriefings for the proponents.

18 I was able to examine all of the scores that
19 were made by the selection committee, so I had that to
20 refer to when I was reviewing and analyzing all of the
21 proposals for debriefing purposes.

22 During the debriefing, the purpose was to
23 provide some feedback to the proponents so that they
24 could focus on their strengths and weaknesses and
25 improve their proposal if they wanted to submit for



1 another sublease opportunity.

2 I believe during this specific debriefing
3 that was spoken about for El Faro some of the issues
4 that may have come up were perhaps maybe not as clearly
5 understood as they could have been.

6 Speaking to the issue of my saying perhaps
7 that they did not have restaurant or bar experience,
8 what I would have said would have been that they didn't
9 focus on their strength in that area if they had a
10 strength in that area. And when you are speaking about
11 operating a restaurant, a sit-down restaurant or bar,
12 you should focus on your strengths in that area.

13 Those were the kinds of comments that I tried
14 to give to all the proponents. If they didn't focus on
15 an area that they had a strength in, then they should
16 perhaps have focused more on that. And those were the
17 general type of comments I gave when analyzing
18 proposals.

19 My comments came from my reading, my
20 reviewing, my having sat through all of the interviews,
21 and being a part of it in that fashion. I would have
22 been glad to have provided more feedback to El Faro had
23 they requested a debriefing on their last opportunity,
24 but they did not. And if there was some confusion on
25 their part about other comments made, I do regret any



1 confusion they had.

2 I feel that we gave every proponent similar
3 feedback, that everyone had the same opportunity to
4 strengthen their proposal in any way they could possibly
5 strengthen it, to focus on their particular strengths
6 and abilities, and that's what was really stressed
7 during the debriefings.

8 We did provide them with their own score and
9 their ranking. I did explain to each person who was
10 debriefed what the process was about, who evaluated the
11 proposals, who was there in a monitoring capacity. We
12 had a staff member from the Airport as well as someone
13 from the HRC sitting in on the interview process. So,
14 we did have some outside oversight as well.

15 And I hope that today -- I mean, I have been
16 glad to be a part of this process during the past year
17 and a half. I feel like we have treated everyone that
18 has participated fairly. We have given them all an
19 equal opportunity. We have given them all an equal
20 playing ground, so to speak. So, everyone was on a
21 level playing field at all times, and all the proposals
22 were scored on a merit basis. I thank you for this
23 opportunity to speak, and I do hope that you approve the
24 recommendation today.

25 COMMISSIONER MURPHY: Any questions?



1 COMMISSIONER MATTISON: No. I think that
2 actually spoke somewhat to the point we were dealing
3 with, in the sense of trying to both correlate and also
4 at the same time distinguish between the scoring, in
5 which the scorers knew essentially the facts and the
6 capabilities, and then your debriefing was really a
7 derivation of that, trying to put into words the general
8 strengths and weaknesses of the proposals.

9 COMMISSIONER MURPHY: Walter Curd.

10 MR. WALTER CURD: I would like to defer to
11 Clark Sharpe, please.

12 MR. SHARPE: Thank you, Mr. President. I
13 asked Mr. Curd if I could make another response because
14 of the matter of appeals within Host and Marriott.

15 This particular issue was appealed to me as
16 the principal official in Host tasked with the
17 responsibility of implementing such efforts effectively.
18 It has also been appealed to Marriott as the umbrella
19 organization. Our internal audit division received an
20 appeal, and I was speaking with them this morning.

21 In the instance when it came to me, I
22 commenced, and I was asked to look at if we made errors
23 that in some way diminished the competition of someone.
24 That was the initial issue. I asked for and received
25 the entire package, because I personally had not been



1 involved in administering any component of this, so I
2 stepped in as a neutral objective person.

3 I stopped the process, because at that time
4 we had not come forward recommending concurrence and
5 approval of Western Sports Enterprises as the successful
6 proponent.

7 I looked at everything that had taken place
8 and assembled packages on every unit, and I found
9 nothing that had been administered on our part in some
10 way diminished the competition of this particular
11 enterprise over any other. If there was any error to be
12 found, it was a level playing field. And I found no
13 error, for that matter.

14 In our internal audit division, which is now
15 concluding their audit, their comment to me this morning
16 was they have found nothing. And if they had, I would
17 simply ask you to please let us take it back, let us do
18 it again, and ask you to let us go beyond August the 3rd
19 to implement. But there is nothing that we found that
20 says there is something that has in some way diminished
21 the competition of someone.

22 COMMISSIONER MURPHY: Mr. Curd, do you still
23 want to go, or are you passing?

24 MR. WALTER CURD: My name is Walter Curd. I
25 am the successful proponent of, and operator of the



1 Vista Bar and DCBY Shop. I was on the first go-around.
2 And I want to speak to what I see, the fairness of the
3 project.

4 I can only speak in the micro rather than
5 macro sense. But it was a trial and error process for
6 me. I tried the first time and failed. I did attend
7 all the pre-proposal conferences. Once I failed, I
8 attended the debriefing conference.

9 Ms. Axline pointed out my shortcomings, of
10 what I needed to do to strengthen my proposal. I redid
11 it. I submitted it again, we were successful, and Host
12 has, we has been in operation a year now, and it's a
13 successful operation.

14 Host has backed me 100 percent. Any problems
15 that I have had, they have worked with me. And all I
16 can do is speak to the fairness, and I think it's been
17 extremely fair.

18 COMMISSIONER MURPHY: Thank you, Mr. Curd.

19 Robert Sanchez.

20 MR. ROBERT SANCHEZ: Commissioners, Director,
21 Counsel, my name is Robert Sanchez, president of Casa
22 Sanchez. We have been in business in San Francisco
23 since 1924. And on our second go-around we were the
24 selected fortunate to be awarded La Strada and Fog Bank
25 Bars. My experience has been nothing but very



1 professional, and very supportive on behalf of Host
2 during the prebid process, and consequently since then.

3 The most important aspect for me in getting
4 this award was the prebid conference where information
5 was made available not only to myself but to all the
6 proponents. And in talking to other fellow businessmen
7 who did submit proposals and were declined, there was
8 disappointment but there was also understanding.

9 I was involved from the beginning of this
10 particular process when it started in 1992. There was a
11 collaborative effort by HRC, the minority business
12 communities, Host, and this Commission. And I would
13 just like to take this opportunity to thank the
14 Commission and acknowledge them for this effort of
15 bringing in possibly eight new minority businesses,
16 women-owned businesses, to San Francisco.

17 COMMISSIONER MURPHY: Thank you.

18 Any other speakers on this subject? Okay.

19 Okay. Move.

20 COMMISSIONER MATTISON: Second.

21 COMMISSIONER MURPHY: Any discussion, debate?

22 Okay, vote.

23 SECRETARY CARAMATTI: Commissioner Murphy?

24 COMMISSIONER MURPHY: Yes.

25 SECRETARY CARAMATTI: Commissioner Mattison?



1 COMMISSIONER MATTISON: Yes.

2 SECRETARY CARAMATTI: Commissioner

3 Jeanpierre?

4 COMMISSIONER JEANPIERRE: Yes.

5 SECRETARY CARAMATTI: Commissioner Ho.

6 COMMISSIONER HO: Yes.

7 COMMISSIONER MURPHY: Next item.

8 SECRETARY CARAMATTI: Item number eight is
9 the award of sixth on-airport automobile rental service
10 concession agreement.

11 MR. TURPEN: The Commission is well aware of
12 the process which has preceded the agenda item before
13 you. One bid was received from Alamo Rent-a-Car for
14 approximately 3.6 million. I would recommend approval.

15 COMMISSIONER JEANPIERRE: Move.

16 COMMISSIONER MURPHY: Second.

17 I just want to note for the record that, when
18 was it, 1989 when we were imposed the charge on the
19 off-Airport auto rent companies?

20 MR. TURPEN: It was '89, that's right,
21 Commissioner.

22 COMMISSIONER MURPHY: And at that time I
23 think I made the fearless prediction to Alamo's
24 vociferous lobbyists and lawyers that they would be the
25 next to be coming on Airport.



1 COMMISSIONER MATTISON: Shouldn't that be
2 reflected in the minutes properly?

3 COMMISSIONER MURPHY: That's just in memory
4 of You Heard It First. Okay.

5 SECRETARY CARAMATTI: Commissioner Murphy?

6 COMMISSIONER MURPHY: Yes.

7 SECRETARY CARAMATTI: Commissioner Mattison?

8 COMMISSIONER MATTISON: Yes.

9 COMMISSION SECRETARY: Commissioner
10 Jeanpierre?

11 COMMISSIONER JEANPIERRE: Yes.

12 SECRETARY CARAMATTI: Commissioner Ho.

13 COMMISSIONER HO: Yes.

14 SECRETARY CARAMATTI: Item number nine,
15 Candidates for the New International Terminal Design
16 Committee, Competition, I am sorry.

17 MR. TURPEN: The 13 short listed
18 architectural firms have formed five teams to pursue the
19 design of the International Terminal. Those teams are
20 described in your agenda package.

21 What we would propose is an informal contract
22 to each of the firms for further evaluation, so that
23 they can make a presentation to the Airports Commission
24 on a design competition. A panel which has yet to be
25 named will review the design competition. All five



1 teams are invited to participate. Since the scoring
2 between the teams was so literally statistically
3 insignificant, it would be difficult at this point to
4 accept or reject any of the teams.

5 Each team will submit three 20-by-30
6 renderings to illustrate the proposed design for the new
7 terminal, two bird's eye views of the front and back of
8 the building and an interior view of the departure
9 lobby. Submittals will be anonymous and the jury will
10 judge the designs solely on their aesthetic merits.

11 Jason Yuen is here to respond to any
12 questions the Commission may have on this, but I think
13 this is an excellent opportunity for the Commission to
14 select a firm that can present something which, if you
15 will, the Commission can find consistent with its views
16 on how this new international facility should look.

17 COMMISSIONER MATTISON: What sort of
18 supporting information will also be provided? Because
19 there obviously can't be presentations, because of
20 anonymity. I am assuming there will be other issues
21 dealt with, textures, materials, general feeling. Is
22 Jason around?

23 MR. TURPEN: Is Jason here?

24 MR. JASON YUEN: We are now considering
25 whether we should have a description of the solution or



1 the design or not. The problem with that is the design
2 should be so obvious to the public when it is built that
3 you do not need an explanation. So, we are debating
4 that. Right now we are inclined to have no explanation,
5 and just have the pictures, the renderings for the jury
6 to pick on.

7 COMMISSIONER MURPHY: Anything else? Move.

8 COMMISSIONER HO: Second.

9 COMMISSIONER MURPHY: Vote.

10 SECRETARY CARAMATTI: Commissioner Murphy?

11 COMMISSIONER MURPHY: Yes.

12 COMMISSION SECRETARY: Commissioner Mattison?

13 COMMISSIONER MATTISON: Yes.

14 SECRETARY CARAMATTI: Commissioner
15 Jeanpierre?

16 COMMISSIONER JEANPIERRE: Yes.

17 COMMISSION SECRETARY: Commissioner Ho.

18 COMMISSIONER HO: Yes.

19 SECRETARY CARAMATTI: Item 10, Award of
20 Door-to-door Shuttle Van Service Agreements.

21 COMMISSIONER MURPHY: Okay. A couple of
22 preliminary matters here. One, we have a lot of
23 speakers on this subject. I am going to remind you that
24 the Commission has a three-minute rule, and ask you to
25 do your best to adhere to that rule.



1 Secondly, I will observe at least from one
2 Commissioner's point of view that, something that should
3 be obvious, which is, the easiest way to turn off a
4 Commissioner is to start making vague implications of
5 staff malice, wrongdoing, et cetera. We want to hear
6 this one on the merits. We want to hear why something
7 should or shouldn't be done, and serious business
8 reasons for it, not innuendo.

9 Finally, I want to mention a letter that I
10 received from Supervisor Hallinan. Supervisor Hallinan
11 has raised the question of whether the action that is
12 being undertaken today, or being considered today,
13 requires the Board of Supervisor's approval. I think
14 that's really an issue for the City Attorney's office to
15 decide, and for the Board itself ultimately to deal with
16 the City Attorney's office on.

17 Obviously we are going to respect the wishes
18 of the Board of Supervisors in this regard. I am not
19 convinced, with all due respect to Supervisor Hallinan,
20 that it is necessary to continue this proceeding today
21 simply so that a hearing can be held, because I really
22 think the hearing that is proposed is more one of a
23 legal nature. But I advise you all that if we do decide
24 to proceed today that this may well wind up in the Board
25 of Supervisors for ultimate determination. And we do



1 not in any way intend to usurp or exceed the Board of
2 Supervisor's authority, to exceed our authority in any
3 way.

4 Okay. Mr. Turpen, do you want to start us
5 off, or should we just hear from the speakers? Your
6 choice.

7 MR. TURPEN: Just a brief comment to open the
8 conversation on this agenda item, Commissioner.

9 In 1979 the San Francisco Airport established
10 something called Landside Operations Division. It was
11 the first group of its kind in any airport in the United
12 States. It was designed, or it was conceived to deal
13 with problems on the roadways at SFO. San Francisco
14 International Airport has about 2,200 usable acres,
15 compared to some 18,000 in Dallas or 26,000 in Montreal,
16 so we are a physically constrained airport.

17 One of the problems we had in 1979, when we
18 had about 21 million passengers, was a terribly
19 congested roadway system. The Airport traffic was
20 backing out onto Highway 101. People were having, both
21 passengers and businesses seeking to operate at the
22 Airport were having difficulty in accessing the airport
23 terminal and roadways.

24 So, this effort started in 1979 with a view
25 toward controlling the roadway system, allocating what



1 was a precious asset, curb space, on the upper and lower
2 levels to the many, many companies and individuals who
3 required that access. Because, as you know, the rear of
4 the terminal buildings is in the secured air operations
5 area, so the only access for the passengers, employees,
6 and many of the suppliers of the Airport is via the
7 Airport roadway system.

8 Over the years several things have been done
9 to enhance control of the roadway system. The curbs
10 have been identified and earmarked for specific uses.
11 The growth in traffic has been accommodated very well.
12 We are now 32 million passengers. The Airport won the
13 Ground Transportation Airport of the Year Award last
14 year, I believe it was, for our efforts in this regard.

15 We have, as the Commission knows, awarded
16 leases for buses over the years or limousines or
17 rent-a-cars, as we have today. And in 1977, or actually
18 1980, just about the time that we were developing this
19 Landside Operations group, we had about 190, 200
20 thousand annual van passengers, and there were probably
21 two or three van companies operating the San Francisco
22 Airport.

23 That number of passengers grew through the
24 mid 80's, and by about 1985 we had about three quarters
25 of a million passengers using vans at the Airport, and



1 five operators that served the Airport. Between '85 and
2 1989, in a four- or five-year span, passengers grew
3 dramatically. They doubled, to almost in excess of one
4 and a half million. There were seven van companies
5 operating at the Airport:

6 The industry continued to grow. Obviously
7 passengers saw this as an excellent opportunity for
8 service to and from their points of origin, and the
9 business continued to grow and we continued to work with
10 the business over the years.

11 And I won't take the Commission's time today
12 to go through a litany of everything that was done in an
13 effort to continue to accommodate, one, the growth, but
14 also ensure there was equal access and a fair
15 opportunity for the companies involved.

16 In about 1989 or 1990 the number of vans grew
17 dramatically. We grew to 15 in a single year. We are
18 at 24 right now, 24 van companies today.

19 Those 24 van companies make in excess of
20 three quarters of a million trips to the Airport each
21 year. When one takes a look at the capacity that these
22 24 companies provide, it's in excess of six million
23 seats, which is a significant capacity in the face of
24 about a 2.3 or 2.4 million passenger market.

25 So, we were faced with the specter in '89 and



1 '90 of tremendous growth. We went to a number of
2 innovative solutions, working with the industry to solve
3 that problem. We also continued to advise the
4 California Public Utilities Commission that we could not
5 accept a deregulated growth, an unconstrained,
6 unrestricted growth, because of the physical constraints
7 at SFO.

8 It took us over a year, as this Commission
9 will well remember, to get a six-month moratorium on new
10 van permits by the California PUC. Of course, that
11 six-month moratorium has expired, and the specter of
12 even increased applications for service to SFO presents
13 itself.

14 With each passing year, with each new
15 applicant, with each new approval by the California
16 Public Utilities Commission, our options were reduced by
17 virtue of the physical limitations we had. The options
18 that the Airport had to continue to accommodate this
19 were reduced.

20 Over the years it has been no secret that one
21 of the options available to the Airport staff to
22 recommend to the Commission was the one before you
23 today, which is seeking proposals and limiting the
24 number of operations and operators on the upper level
25 roadway zones.



1 Clearly it was, it came before the Commission
2 I think the first time in 1989, I believe, in an
3 independent consultant report, which said at some point
4 this would ultimately be a decision the Commission would
5 have to make, and that decision is before you today.

6 The thrust of this is one of customer
7 service, clearly, continuing to provide high quality
8 service with access for all ground transportation
9 activities at the Airport. We cannot provide inordinate
10 space for one set of activities and deny opportunities
11 for other activities as well.

12 So, with that somewhat historical
13 introduction, I would be happy now to turn it over to
14 persons who would like to share their views with the
15 Airports Commission.

16 COMMISSIONER MURPHY: Michael Rubin.

17 MR. MICHAEL RUBIN: Good morning, President
18 Murphy and Commissioners, Mr. Turpen.

19 I am here today representing the SFO Shared
20 Ride Shuttle Association, which is an ad hoc
21 organization consisting of seven shuttle operators who
22 provide shared ride service throughout the proposed
23 service territory.

24 Members use Advanced Airporter, Airport Van,
25 Airport Express, Francisco's Adventures, Quake City



1 Shuttle, Bay Shuttle, and South and East Bay Shuttle.
2 Each is an unsuccessful bidder, either on its own or
3 jointly with others, on the contracts that are proposed
4 to be awarded to Lorries and SuperShuttle. Some of
5 these companies are among the founders of the shuttle
6 van industry whose owners invested in these businesses
7 at a time when taxicab companies and bus companies told
8 them that shuttle van operation service would never be
9 profitable.

10 Some were among the five and seven operators
11 to whom Mr. Turpen alluded in the early to mid 1980's.
12 Several are minority or immigrant owned businesses. All
13 are locally owned and operated. All of them run the
14 risk of the loss of the present businesses, which remain
15 profitable despite their compliance with the Airport's
16 demand that they utilize employees and pay the taxes and
17 costs that are incident to use of employees rather than
18 subcontracted labor.

19 None of these companies can remain in
20 business if it's limited to the outbound transportation
21 of passengers who do not hold reservations, which is
22 what the result would be if only two contracts are
23 awarded here today.

24 Indeed, I think it's clear that Mr. Turpen's
25 comments make it clear that one of the avowed goals of



1 the request for proposal is to eliminate a number of
2 operators, many of the present operators who are there
3 now.

4 My clients formed their group when it was
5 apparent that none of their individual or joint venture
6 bids would be successful, for reasons that are not
7 comprehensible to them.

8 I want to make five distinct points, and I
9 recognize that I have time constraints, so I will
10 probably rush somewhat through them, but if there is
11 more time at the end perhaps my clients or I could
12 amplify, if need be.

13 The first point is that the Airport
14 administration has failed to live up to its
15 responsibility under the California Public Records Act
16 to provide copies of prospective winning bids to persons
17 requesting them after the last meeting of this
18 Commission on this subject.

19 At the risk of oversimplification, that Act
20 requires disclosure of any publicly filed document
21 unless the privacy interest in keeping it secret exceeds
22 the public's interest in knowing it.

23 The reason offered by the Airport for
24 refusing to provide the requested documents is
25 sufficiently specious to me that I doubt it would



1 withstand judicial scrutiny if my clients could afford
2 to challenge it. In particular, the Airport says that
3 if the bidders believe that the business information in
4 their bids would be in the public domain, there would be
5 a chilling effect on the Airport's ability to obtain
6 bids for services. This argument is ridiculous, for
7 several reasons.

8 First, you are dealing here with a regulated
9 industry. The information that the Airport wants to
10 keep secret in significant part already must be
11 disclosed in public filings with the PUC. Disclosure of
12 the bids would enable the losing bidders and the people
13 of the City of San Francisco to verify that the
14 financial information in the bids is consistent with
15 what is already in public domain. There is no
16 legitimate privacy interest in false information, and
17 true information already is available from other sources
18 that are public.

19 Second, the Public Contracts Act, which
20 admittedly does not apply to charter cities like ours,
21 has a provision explicitly providing that bids submitted
22 to the State of California are secret only until opened,
23 and then must be available for public inspection.

24 No one has ever heard the State claim that
25 this provision has chilled its ability to obtain bids



1 from qualified bidders, so I don't think that the
2 Airport's argument makes sense in the real world.

3 Thirdly, there was nothing in the request for
4 proposals that would cause any reasonable person to
5 believe that his bid would be confidential, so there is
6 no trust betrayed if all of the bids, winning and losing
7 alike, and any other documents created in this process
8 were made public.

9 My clients' inability to obtain copies of the
10 operating proposals makes it impossible for them to
11 determine whether these bids are apples and apples with
12 theirs, to verify the accuracy of the representations
13 made in them, and to verify that the Airport staff's
14 evaluation of the proposals was in conformity with the
15 announced standards.

16 The people's business should be conducted in
17 sunshine, not in back rooms with secret processes and
18 documents that we can't see.

19 My second point is one to which you have
20 alluded already. Either contract is anticipated to
21 provide revenues in excess of a million dollars, when
22 the necessary loop fees are added to the basic licensing
23 fee over a four-year period.

24 Accordingly, the City Charter requires
25 approval of both of the contracts by the Board of



1 Supervisors. Now, we understand that the staff does
2 concede that Lorries's proposal exceeds the threshold
3 because of the base licensing fees, and therefore any
4 decision today regarding Lorries would be on a
5 recommended basis for the Board of Supervisors'
6 approval. But the staff does not concede that the
7 SuperShuttle contract would produce such revenues, even
8 though SuperShuttle's historic trip volume would produce
9 over one million in actual revenues to the City in any
10 four-year period. That calculation is based on
11 SuperShuttle's payment of slightly more than \$320,000 in
12 loop fees in each of the two 12-month periods ending
13 June 30th that have just passed.

14 If SuperShuttle is awarded a contract, all of
15 us here should anticipate that at least the same loop
16 volume would remain in place, since there is virtually
17 no present, none of the present competition will remain
18 in place after the award. Moreover, because
19 SuperShuttle could not possibly produce the same loop
20 volume without this contract, it must be conceded that
21 it's the contract itself and only the contract that's
22 responsible for these revenues.

23 So, it's clear to me that this is a contract
24 that falls within the class of those which are
25 anticipated to produce revenue in excess of a million



1 dollars, just as Lorries was. And, according to my
2 view, this Commission lacks jurisdiction to take
3 definitive answer on the SuperShuttle contract today.

4 My third point is that Lorries and
5 SuperShuttle --

6 COMMISSIONER MURPHY: You mean we can't even
7 make a recommendation to the Board?

8 MR. RUBIN: You can make a recommendation,
9 but you can't take definitive action, in the sense that
10 you cannot authorize anyone here to execute that
11 contract right now.

12 COMMISSIONER MATTISON: I think we probably
13 can, but we cannot have it stand finally ratified if in
14 fact the Board exerts some authority. And we will defer
15 to the City Attorney on that question.

16 MR. RUBIN: I don't want to misstate the law.

17 The third point is that Lorries and
18 SuperShuttle particularly are poor choices to be the
19 sole transporters of walk-up passengers at SFO. I will
20 try to take each of them in turn.

21 It's difficult to ignore the size of
22 Lorries's bid, because it's \$55,000 more than the next
23 bid. Yet documents filed by Lorries with the California
24 Public Utilities Commission on June 1 of this year
25 disclosed that Lorries had a negative net worth, and an



1 operating loss of \$35,415.68 as of December 31, 1992.

2 This apparent financial condition makes one
3 wonder how Lorries could possibly afford to pay such a
4 premium for its franchise, and what the Airport intends
5 to do if Lorries does not meet its obligation to pay
6 such extravagant sums. Perhaps, however, Lorries can
7 afford to pay more than others, because it does not play
8 on an even playing field with other operators with
9 regard to labor.

10 Lorries ignored the Airport's entreaties to
11 utilize only employee drivers, and in fact my clients
12 understand that it provides all of its services with
13 subcontracted labor and vehicles. It does not directly
14 bear any driver expense, as far as we know. It thus
15 runs afoul of the Airport's previously avowed goal of
16 eliminating the use of subcontracted service providers
17 so that the Airport can obtain greater control over the
18 van operators.

19 Of course, without access to Lorries's bid,
20 we cannot know whether Lorries ever told the Airport
21 that it has no fleet of driver employees.

22 The final significant flaw exhibited by
23 Lorries is that it's never provided substantial service
24 to anyplace in the City except for the hotels, and its
25 PUC schedules and tariffs do not permit it to serve the



1 minority neighborhoods in the southeast portion of the
2 City. It thus needs to augment the operating rights
3 that it has, and it has to go through a PUC operating
4 rights grant procedure.

5 In contrast, the operators I represent have
6 the necessary authority, have provided substantial
7 experience to the City's neighborhoods, and have a great
8 deal more experience in serving disadvantaged and
9 outlying areas than do Lorries.

10 SuperShuttle also cherry picks its service
11 areas, since it concentrates on the area north of San
12 Mateo, again, unlike other present operators, including
13 the members of my client association.

14 SuperShuttle also flagrantly violates Airport
15 operating regulations with apparent impunity, despite
16 our belief that the staff has actual knowledge that it
17 does.

18 I don't want to get into the business of
19 impugning the staff, but I have clients who can
20 testify --

21 COMMISSIONER MURPHY: But you are.

22 MR. RUBIN: My clients can testify that they
23 have made complaints about regulations violations that,
24 if they had been followed through, we could come before
25 you with a documentation history. We could point to



1 citations.

2 I have photographs which I would be happy to
3 share with you which show on their face what appear to
4 be violations which my clients would testify are not
5 isolated instances. My clients have also prepared a
6 videotape, which I understand was forwarded to the
7 Board. And the thought that we have is that there is no
8 follow through when my clients complain that
9 SuperShuttle does violate the regulations, and therefore
10 we can't make the record that we would have been able to
11 make if there had been a follow through.

12 SuperShuttle, as I mentioned, also cherry
13 picks the neighborhoods that it wants to serve.

14 Okay. Also, had we been given access to the
15 SuperShuttle bid it might be easier for us to understand
16 why the staff wants to award contracts to the fourth
17 lowest bidder, whose bid is only one sixth the amount of
18 the other winning bid. The disparity in the winning bid
19 amounts calls into question the rationality of the
20 evaluation process.

21 I will finish up here. The fourth point is
22 that the Commission reserve for itself the right to
23 maintain the status quo by not awarding any contracts at
24 all.

25 If there are problems with the present



1 operators' equipment or service, there are far more
2 efficient ways to achieve the goal of improving the
3 quality of service than to put many of the most
4 significant industry players out of the business.

5 The awarding of two duopoly contracts puts
6 the good and honorable operators out of business just as
7 swiftly as it does the bad and dishonest ones. There is
8 no requirement under the RFP that fewer vehicles be
9 operated by the dupolists, so it may not achieve the
10 articulated goals.

11 If there are service problems, the staff
12 should address them directly, not sweep with too broad a
13 broom through the contract award process.

14 COMMISSIONER MURPHY: Do you have anything to
15 suggest in this regard?

16 MR. RUBIN: Yes. The final point I wanted to
17 make is that the Los Angeles Airport has in place a
18 series of regulations which are very similar to taxicab
19 regulations here, that would permit any qualified
20 operator who uses employee drivers and who obtains a
21 license from the regulatory authority to participate on
22 a first-come, first-serve loop basis. And my
23 association would be more than pleased to assist the
24 Airport administration in drafting rules that might be
25 more site specific than the Los Angeles rules, and which



1 would enable virtually all the present operators to
2 remain in business if they are willing to conform to
3 reasonable regulations.

4 COMMISSIONER MURPHY: This problem is -- you
5 can look at the map of our Airport here -- we just don't
6 have the physical space that LAX has.

7 COMMISSIONER JEANPIERRE: That was the
8 question I wanted to ask. Do you have any comments with
9 respect to the primary problem of limited airport
10 capacity versus shuttle population?

11 MR. RUBIN: Well, I pointed out that nothing
12 in our RFP guarantees that the two duopolists would be
13 able to meet the service standards they articulate with
14 a much smaller number of vehicles than at present. They
15 are going to have a lot of vehicles on the road because
16 of the need to leave with reasonable dispatch. There
17 will be a lot of vehicles out in the field, and it's
18 difficult to control when they return to the Airport.
19 You may not solve that problem, because you have shifted
20 the existing business from a number of operators to two
21 operators.

22 I know that other people today have looked
23 more closely at the physical constraints and
24 environmental issues that this proposal raises.
25 Probably I should defer to them rather than say



1 something about those other issues.

2 That essentially is what I have, and I won't
3 restate any of the points that I said before.

4 COMMISSIONER JEANPIERRE: So, you basically
5 have problems with the proposed winners.

6 MR. RUBIN: Problems with both proposed
7 winners, but I think if we had our druthers we would
8 rather the status quo remain in place.

9 If the Airport has problems with physical
10 access or the quality of service that's being provided,
11 there are probably less onerous ways and less
12 destructive ways to achieve honorable goals than to
13 basically tell most of the people who are now operating
14 it's not going to be possible for you to remain in
15 place.

16 There are a lot of people who do not cater to
17 mass markets, that are niche operators. They serve the
18 South Bay. They serve minority neighborhoods. Those
19 people just simply are going to be out of business, and
20 their niche work is going to be absorbed into much
21 larger institutions that thus far have not catered to
22 those kinds of markets. And I am not sure that the
23 people of the City are best served when duopoly replaces
24 what seems to be a workable, reasonably competitive
25 market.



1 COMMISSIONER MURPHY: Mr. John Goss, from
2 SuperShuttle. Mr. Goss.

3 MR. JOHN GOSS: Good morning, Commissioners.
4 I would like to speak in support of the bid process.

5 COMMISSIONER MURPHY: Could you identify
6 yourself and your organization?

7 MR. GOSS: My name is John Goss, and I am
8 president and chief operating officer of SuperShuttle
9 International, based out of the Los Angeles area.

10 We have been operating in San Francisco since
11 1985, and during the period between 1985 and 1989 we
12 were involved in what most of the van operators
13 described at that time as complete chaos on the curbs.

14 At that time and during that time,
15 SuperShuttle developed its business in spite of this
16 nonsense going on at the curbs. It developed a business
17 in excess of 50 percent of the shared ride business
18 going to and from the San Francisco Airport.

19 In '89 Lou Turpen, the director of the San
20 Francisco Airport, and Sheldon Fein developed a curb
21 allocation program which enabled the Airport to have
22 three different locations for the van operators to do
23 their business rather than to fight at the curb. Since
24 that time, that has developed into three curbs trying to
25 handle 25 vans, all right, which is an impossibility.



1 We still have, though, as SuperShuttle, been
2 able to keep over 50 percent of the shared ride market.
3 We believe the reason for that is the level of service
4 that we give, and we believe that the customers are
5 voting that, not the Airport, and not the other
6 operators.

7 We believe that this bid process goes forward
8 to the next step in making sense out of ride sharing for
9 the people of the City of San Francisco.

10 Unlike Los Angeles, who the previous speaker
11 just spoke of as being all mild and calm and good down
12 there, where they have in excess now of 45 operators, 98
13 percent of them not employee employer operated, complete
14 chaos at the curb, and in an environment where my
15 company is losing a lot of money daily.

16 San Francisco solved this in 1989 under the
17 direction of Lou Turpen and Sheldon Fein, to start
18 developing the ride share market, and recognizing that
19 it did exist. And I believe that's why we are here
20 today to go forward with the bid process, which I
21 believe is fair, and I am happy to be one of the
22 companies that has been selected.

23 COMMISSIONER MURPHY: Thank you. Ann
24 Pougiales.

25 MS. ANN POUGIALES: Good morning,



1 Commissioners and Mr. Turpen.

2 I am here representing American Airport
3 Shuttle. I would like to focus in my comments on the
4 contents of the resolution which is before the
5 Commission today, which as I read it primarily addresses
6 the issue of the Commission's compliance with CEQA, and
7 states that it is entitled to make a finding of an
8 exemption from CEQA.

9 The CEQA standard for such an exemption is
10 the finding that, quote, it can be seen with certainty
11 that there is no possibility that the activity in
12 question may have a significant effect on the
13 environment. And this finding must be supported by some
14 evidence in the record. So, I am looking at the staff's
15 letter of July 13th, wherein it reiterated its request
16 that the Commission approve the Lorries and SuperShuttle
17 proposals.

18 Exhibit A to that letter states two facts
19 that supposedly establish the need, or the propriety of
20 a finding of exemption from CEQA, and that is that the
21 proposal will reduce traffic congestion at SFO and will
22 create higher van occupancy rates.

23 The real issue under CEQA is empty vehicle
24 miles. I have been practicing transportation law for
25 over 20 years before the National Environmental Policy



1 Act was passed, and always since that time, in
2 evaluating the environmental effect of the
3 transportation service, the key issue is empty vehicle
4 miles. There is no mention, there is no analysis of
5 empty vehicle miles in the staff's report to the
6 Commission on the CEQA issues.

7 I would like to suggest that the use of two
8 van operators providing duopoly service, primarily on an
9 outbound basis from the Airport, while putting out of
10 business the 22 or whatever other operators that exist,
11 putting them out of business at least in terms of
12 generating traffic at SFO, is going to create 22 van
13 operators operating full vans to the Airport and empty
14 vans out of the Airport. And we are going to have
15 Lorries and SuperShuttle operating full vans out of the
16 Airport and empty vans back into the Airport.

17 The issue of empty vehicle miles needs to be
18 looked at.

19 COMMISSIONER MURPHY: You just lost me there,
20 completely. Maybe you better replay that one again.

21 MS. POUZIALES: Did I say it wrong?

22 COMMISSIONER MATTISON: Just a clarification,
23 so I can just make note. Why is it that Lorries and
24 SuperShuttle are going to drive many, many empty vans to
25 the Airport when they don't do that now? What's going



1 to give rise to that new phenomenon, just so I
2 understand? Why are they going to be going away empty
3 all the time?

4 COMMISSIONER MURPHY: Stated more elegantly,
5 that's my question.

6 MS. POUGIALES: There may be a certain amount
7 of conjecture there, but the fact is that under the
8 proposal they are required to observe very strict
9 headways at the Airport.

10 We have not seen their bid to understand how
11 the operating proposal is going to work. But to
12 maintain those headways to meet the bid requirements,
13 their primary emphasis is going to have to be on getting
14 vans to the Airport as needed to pick up those outbound
15 passengers. They are going to be operating in a five-
16 to six-county area -- again, I don't know, because I
17 haven't seen their proposal. And it's going to be a
18 pretty tricky business to not only drop off passengers
19 from the Airport to all those locations, but also
20 running around in a five- to six-county area and still
21 meet those headways. That's an issue that hasn't been
22 looked at.

23 On the issue of congestion at SFO, I am not
24 sure that's going to happen, because the existing
25 carriers may very well continue dropping off passengers



1 at the curbs at the Airport. I don't understand that
2 this proposal is going to change that.

3 Furthermore, I would like to point out to the
4 Commission a study done by one of your fellow agencies,
5 the California Public Utilities Commission, entitled
6 "The California Airport Industry Shuttle Van Report"
7 dated December, 1992, which challenges the vehicle
8 occupancy rates that were found by the staff.

9 This study finds that the shuttle van vehicle
10 occupancy rates at SFO are 4.6 passengers per vehicle.
11 Exhibit A to the staff report finds that the present
12 rate is 2.5 passengers per vehicle and will increase to
13 4.0 passengers per vehicle with the anticipated change.
14 That's .6 passengers per vehicle less than the PUC just
15 found. So, I believe that the analysis in Exhibit A to
16 the staff's letters at least needs to be verified for
17 accuracy.

18 The Commission is also being asked to find
19 that Exhibit A, quote, accurately reflects both the
20 operating operations and the projected future shuttle
21 operations at SFO. I have already pointed out some of
22 the accuracy problems.

23 I would also, on the public service issue,
24 like to state out that this PUC study found that 96.7
25 percent of passengers using shuttle service at SFO found



1 that service acceptable or better. That's under the
2 existing system.

3 COMMISSIONER MURPHY: 96 point whatever of
4 those questioned that responded.

5 MS. POUZIALES: There were distributed 3,000
6 surveys, and there were something in excess of 400
7 responses.

8 COMMISSIONER MURPHY: So, those who were
9 dissatisfied may have responded by dropping it in the
10 waste basket.

11 MS. POUZIALES: That again is conjecture.

12 There are also procedural issues relating to
13 CEQA compliance. Under the CEQA Act the Commission is
14 required to consult with all responsible agencies, and
15 in particular all transportation planning agencies and
16 public agencies which have transportation facilities
17 within the jurisdiction that could be affected by the
18 project. As far as I can tell from what has been made
19 public, this has not been done.

20 CEQA regulations require consideration of
21 such issues as the generation of substantial additional
22 vehicle movement, impact on existing transportation
23 systems, use of non-renewable resources in a wasteful
24 manner, and substantial increases in fossil fuel
25 consumption, again all getting back to the issue of



1 empty vehicle miles, which has not been considered at
2 all by this Commission.

3 For these reasons I do not believe that the
4 present resolution is going to constitute adequate CEQA
5 compliance, and more work needs to be done before a
6 notice of exemption can be considered as meeting CEQA
7 requirements.

8 I would also like to reiterate another issue,
9 and that is the conflict or clash with the jurisdiction
10 of the California Public Utilities Commission.

11 The Public Utilities Commission has taken the
12 approach that competition in the airport transportation
13 passenger industry is desirable, and they don't want to
14 restrict innovative carriers from the possibility of
15 entering the market.

16 The Airports Commission, staff at any rate,
17 has taken the view that we have to reduce airport
18 congestion. We have a very important State policy that
19 a constitutionally created commission has come up with
20 that encourages competition, and then we have the
21 Airport taking the position that, you know, we are going
22 to stomp out competition; we are going to have duopoly.

23 COMMISSIONER MURPHY: We have limited space,
24 don't we?

25 MR. TURPEN: We also have the responsibility



1 for what goes on at San Francisco Airport. I think the
2 US Congress passed the Deregulation Act. It's worked
3 out well for the airlines, hasn't it?

4 MS. POUGIALES: I don't understand your
5 point.

6 The Deregulation Act is part of the reason
7 why the Public Utilities Commission has adopted the
8 position it has, because airline deregulation has
9 resulted in a great increase in passengers using airline
10 service, and therefore a greater need for airport
11 passenger transportation, and that is the main reason
12 that they have adopted the policy they have.

13 So, there are a number of cases, the Harbor
14 Carriers case, which I have cited in correspondence to
15 this Commission. There are other cases that have gone
16 as high as the California Supreme Court that uphold the
17 jurisdiction of the California Public Utilities
18 Commission over that of lesser state agencies or local
19 or county agencies.

20 And if the effect of this Commission's action
21 is to put 22 PUC certificated van operators out of
22 business or turn them into one-way operators instead of
23 two-way operators, we are looking at a possible de facto
24 revocation of their PUC certificates by this Commission,
25 denying them administrative due process, notice, and



1 hearing before the revocation of their certificates.

2 Lastly, the Commission has considered, in
3 looking at other alternatives, there has been some
4 indication that the LAX approach should not be adopted
5 here, because San Francisco doesn't have the acreage.

6 I don't have the figures in front of me. I
7 assume San Francisco has fewer passengers. I assume San
8 Francisco has fewer airplanes landing and taking off, at
9 least commercial airplanes. Let's not say we can't do
10 what LAX did until we really know what the facts are.

11 COMMISSIONER MURPHY: Let me give you
12 something empirical that we don't need a CEQA finding
13 on. LAX has more roadway than we do.

14 MS. POUZIALES: I am sure that's true. I
15 know.

16 COMMISSIONER MURPHY: We don't need to have a
17 CEQA hearing on that, do we?

18 MS. POUZIALES: But comparing LAX to SFO I am
19 not sure is comparing apples to apples.

20 American Airporter has suggested a zone
21 approach, which might be another alternative.

22 COMMISSIONER MURPHY: What's that?

23 MS. POUZIALES: This would be where, instead
24 of having people bid on an entire five- or six-county
25 area, that five- or six-county area be taken down and



1 broken into zones, and you have one or two carriers
2 serving each zone. That's another possibility.

3 And another possibility is continuing to work
4 with the PUC to try to reach some consensus policy.
5 State your concerns. Let them state theirs. Certainly
6 this report indicates a willingness by the PUC to work
7 with the Airports Commission on the problem.

8 So, I think there are alternatives. I think
9 there is a big CEQA problem. I think there is a
10 jurisdictional problem. And I would ask the Commission
11 to consider those issues in making its decision on this
12 proposal.

13 Thank you very much for your attention.

14 COMMISSIONER MURPHY: Thank you.

15 Ray, is it Sloan? Have I got that right?

16 MR. RAY SLOAN: Yes, Ray Sloan.

17 Mr. President, members of the Commission,
18 Mr. Turpen. My name is Ray Sloan, and I have been
19 associated recently with the San Francisco Ride Share
20 Association, and I have helped them to develop a plan
21 that would better and broaden the process for making
22 this evaluation.

23 It is believed by the Association that there
24 have been some very, very serious flaws in how this
25 process has taken place. And where I respect the



1 president that we should not be casting disparaging
2 comments about staff about that, there are some very
3 serious deficiencies, it is believed by the Association,
4 with the staff. And it behooves us that this be further
5 looked into, and not just washed away.

6 I can tell you that in working with many,
7 many organizations I have never seen such a total, total
8 mistrust on both sides, both of the staff and of the
9 people that we represent, that they do not feel that
10 this process was fair. And I think it needs to be
11 reflected in the minutes here that that feeling is
12 extremely prevalent. It is not isolated, but extremely
13 prevalent, to where they do not believe that a fair
14 process or a fair evaluation has taken place.

15 And I think it's important to put that on
16 there. I think that is one of the reasons why a more
17 independent agency might be in order to look at not just
18 the process but how everything was done and how the
19 administration is operating, both at the Airport and
20 with my organization and the other people competing.
21 And I wanted to say that. Thank you, sir.

22 COMMISSIONER MURPHY: Thank you.

23 Mr. Augustine, is it?

24 MR. CHARLES AUGUSTINE: Good morning.

25 COMMISSIONER MURPHY: Would you identify

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1 yourself and who you represent?

2 MR. AUGUSTINE: Oh, hi. I am a taxicab
3 driver.

4 COMMISSIONER MURPHY: Wait. What company?

5 MR. AUGUSTINE: DeSoto. It doesn't matter.
6 They are all the same.

7 I want to speak about one particular issue.
8 I understand that the Airport -- I assume the Airport
9 Commission is proposing to have the shuttles and
10 different shuttle companies operate out of the lower
11 deck and everything, lower area, where they can pick up
12 there.

13 Traditionally they have picked up off the
14 upper level, because it was in the customer's best
15 interest that people flying into the Airport, they
16 entered the Airport, and the first thing they would see
17 is a shuttle, so they would know they have the option
18 available to them. Because prior to that, before the
19 shuttle service there were taxicabs, so they are used to
20 catching cabs. So, the Airport decided that -- that was
21 the reason behind it, anyway. And now it makes no sense
22 to think that they would want to put it downstairs.

23 I don't get the logic of that.

24 The other point is that I have not heard
25 anyone say what makes people coming into the Airport --



1 there are two entrances. You come in and you go up to
2 where people are departing. You go down to where people
3 are leaving. And I don't see what the difference is, I
4 mean, in terms of congestion.

5 I understand -- the only motivation I can see
6 behind this is greed. And I think it would put a lot of
7 the -- I think also the psychology behind keeping the
8 cabs and the shuttles and the Airport buses separated
9 was the shuttle services, with the exception of
10 SuperShuttle, I think are, they are all independent
11 contractors, like cab companies. And so they are out
12 there fighting for these bones to get money, basically.

13 And SuperShuttle has employees, but its
14 employees have incentives to get more business as well.
15 I think they give them vacations or some kind of perks
16 for drumming up more business.

17 So, if you put all these animals together,
18 they are all going to be fighting over these fares. And
19 I think that's why the Airport traditionally separated
20 them.

21 So, now you have a situation where
22 SuperShuttle and those guys, all of a sudden, rather
23 than being upstairs where the customers are going to
24 come out and see them first, they want to be downstairs
25 and grab off some of the taxicab driver's business.



1 I think, even if you look at psychology, when
2 people are coming into the Airport, there is going to be
3 less congestion at the upper level, because people are
4 going to go into the garage and park their cars and be
5 with their loved ones for a while, versus downstairs,
6 you know, where people are picking up people.

7 They pick them up, they tend to pick them up
8 in a hurry. And not only that, you do a wonderful job,
9 the Airport Police, ushering them away. You can't even
10 be there for a second, and you are gone.

11 And downstairs, too, the International
12 Airport, people exiting the International Airport, they
13 come out on the bottom level, so they add to the
14 congestion downstairs. So, if we are trying to
15 alleviate congestion, it doesn't make any sense that we
16 would have more gigantic buses, more shuttles adding to
17 congestion down lower, where it's far more congested
18 than the upper level anyway.

19 That's about it. That's about all I have to
20 say.

21 And the other thing I will say is, in all
22 these meetings, it seems really insane to me that the
23 people who are affected by these meetings, they are all
24 at work. So, I am suggesting that maybe you would find
25 it in your hearts to find a more convenient time where



1 more people out there who feel -- you know, they don't
2 have like these gigantic corporations and lawyers and
3 attorneys representing them. They are just little
4 people out there trying to make a buck and trying to
5 survive, and they are getting squeezed more and more and
6 more.

7 The companies, Yellow Cab Company, all these
8 cab companies, they have their own shuttle service now.
9 The airport business has become a very lucrative
10 business, and they are snatching off as much of it as
11 they can. So, they are not going to represent taxicab
12 drivers. Taxicab drivers are independent contractors.

13 That's it. And I have got to go back to
14 work.

15 COMMISSIONER MATTISON: That's one of the
16 best statements of the problem I have ever heard.

17 Mr. Turpen, you might explain, though, I
18 think there is probably some confusion right there, in
19 that, if there is a misperception that in fact the
20 traffic is going to move under these proposals in some
21 significant way as far as the passengers are concerned,
22 if that's not really correct. I am assuming most people
23 understand. But he seemed to be confused that we were
24 somehow dumping everybody on the bottom level to fight
25 with the taxicabs, in the sense of the passenger



1 traffic.

2 FROM THE FLOOR: You are.

3 COMMISSIONER MATTISON: No, that's for
4 reserved shuttle and pickup cabs. The pickup shuttle
5 business is still upstairs.

6 MR. TURPEN: I think that the two companies
7 -- and I will defer to Mr. Fein. But the two companies
8 that were successful in this competition would remain on
9 the upper level. Other companies would be permitted to
10 operate out of the courtyards on a prearranged or a
11 reservation basis, which is an obligation under the CPUC
12 permit.

13 COMMISSIONER MATTISON: I understand. He and
14 maybe some other people were assuming that somehow the
15 walk-up shuttle business would be moving downstairs to
16 compete with the --

17 COMMISSIONER MURPHY: He and some other
18 people are probably fairly able to suspect that what we
19 paint as an orderly process at the Airport is going to
20 turn out to be somewhat less orderly than one might
21 hope, just judging from human behavior over the last
22 half dozen years.

23 Let's go ahead. Mr. Rathbone?

24 MR. CHARLES RATHBONE: Good morning,
25 Mr. President, Commissioners, Mr. Turpen.



1 My name is Charles Rathbone, with United
2 Taxicab Workers. I would like to commend the Airport
3 for the excellent job done to regulate taxicabs. We
4 have a good infrastructure and good regulatory services
5 that prevent the very problems that are stated as
6 possible problems with the shuttles, people fighting
7 over van fares or congestion at the curb site.

8 I would suggest that the Airport may want to
9 perceive more infrastructure and more regulatory service
10 solutions to the problems with the shuttles.

11 One of our concerns is that what happens
12 today with the shuttles may happen tomorrow with the
13 cabs. Will we find next year a suggestion to limit curb
14 space access to one or two taxicab companies? Currently
15 dozens of taxi companies are able to provide services in
16 an orderly manner. And I would hope that you could find
17 another solution that would allow the shuttle services
18 to do the same.

19 Thank you.

20 COMMISSIONER MURPHY: Mr. Witherspoon.

21 MR. UBET WITHERSPOON: Good morning,
22 Mr. President and Commissioners. My name is Ubet
23 Witherspoon. I am a driver rep for Yellow Airport
24 Shuttle, and also a driver. And I must say that I am
25 here kind of mad, because this whole bid system should



1 be just thrown out, because I feel, and so do a lot of
2 other drivers and companies, that it was done unfairly.
3 And it was spoken about today.

4 I must say I am kind of surprised that the
5 Airport people here feel that this is going to improve
6 the Airport congestion. What it's going to do is, one,
7 is create a lot more shuttles. I don't know exactly
8 what Lorries and SuperShuttle proposed, because it's not
9 out. We are going to have the same passengers upstairs.
10 The passenger count is not going to change. So, you are
11 going to have passenger lines waiting for shuttles
12 upstairs.

13 And what the lady spoke about who represented
14 American was true. In order to do a just service for
15 the passengers from the Airport, what you are going to
16 have to do is forget about the passengers in the City,
17 wherever you have to pick them up. Because there is
18 such a thing, we call it in the business deadheading,
19 and that means going north or south without any
20 passengers. And that's done a lot, and it's going to
21 increase if this bid is awarded, because in order to get
22 back to cut down on the passenger lines waiting to get
23 back into the City or what have you, those shuttle
24 companies and shuttles will have to deadhead back to the
25 airport to pick up those passengers, unload them



1 wherever they got to go, deadhead back. And what's
2 going to happen is, the shuttle companies supposedly
3 going downstairs is not only going to create more
4 congestion -- it's congested downstairs now. Upstairs
5 it's not congested. It's congested downstairs. If you
6 have ever been at the Airport around 9:00 o'clock -- I
7 work at nighttime. In the daytime I am sure you have
8 the same hours.

9 You can't even get downstairs. There are
10 cabs lined up. There's people picking up, passenger
11 cars that line up. And he is right, it almost goes to
12 the highway, especially if there is a problem on the
13 freeway itself, because people take the route and go
14 around on 101.

15 It hasn't been spoken about how Lorries and
16 SuperShuttle will sustain the same amount of business
17 that is upstairs that we are taking care of right now,
18 because the passenger load upstairs will not decrease.
19 It will only stay the same or increase. So, you are
20 going to have, Lorries and SuperShuttle are going to
21 have to increase their vans by numbers in order to do
22 the business up there.

23 So, that now that you have more vans upstairs
24 to take care of the business on a monopoly that's being
25 created here today, also, you are going to have vans



1 downstairs. The same amount of vans or companies might
2 go out. And that's what's going to happen, because a
3 couple of companies won't have the -- they deal with
4 walk-up only. They don't have the van fare that a lot
5 of other companies enjoy. So, they are going to put
6 some companies out of business, and you are going to
7 have the same amount of vans downstairs, not only the
8 cabs and limousines and on and on, picking up their own
9 passengers, and passenger cars downstairs.

10 Upstairs now, even in the SuperShuttle zone
11 we see long lines of people waiting for SuperShuttle.
12 Some people wait up to an hour or maybe more. And
13 that's going to increase, because these companies are
14 not going to be able to efficiently service the
15 passengers. They can't even do it now. They are not
16 going to be able to do it with just no other van
17 companies upstairs, and the lines are going to be longer
18 going down. And then the rent-a-car agencies are going
19 to start complaining, because it just gets worse.

20 And I don't feel that the answer to this
21 congestion at the Airport is the one that's really
22 proposed in this bid. I think it should be a
23 first-come, first-served basis. And that's only the
24 efficient way of doing it. Because what happens, you
25 have less vans up there waiting, and you have vans



1 coming from a staging lot coming up there, grabbing
2 passengers and exiting in less than two or three
3 minutes. And that's the, that creates less congestion,
4 not vans up there waiting for passengers.

5 So, the service the way it's going supposedly
6 to operate is not going to be an efficient one.

7 We do need improvement at the Airport, but
8 this bid is not -- this just isn't the answer. There
9 has got to be something else. And if you have been at
10 the Airport, I have been working for five or six years
11 at the Airport. I have been with SuperShuttle and then
12 I switched to a better company, Yellow Airport Shuttles.
13 And I find that the Airport has been changing for the
14 better, but as it stands now this is not a better
15 answer. It really isn't.

16 That's all I want to say.

17 COMMISSIONER MURPHY: Thank you.

18 George England.

19 MR. GEORGE ENGLAND: Good morning,
20 Commissioners.

21 COMMISSIONER MURPHY: Good to see you again.

22 MR. ENGLAND: Always a pleasure to be here.

23 Over the years I have appeared before this
24 Board on a number of issues, primarily about the
25 improvement of cab service at San Francisco Airport.



1 I'm a, what's called a lease operator, lease
2 driver, which sounds like I am self employed, and I sort
3 of am. And that's what I really want to be, is self
4 employed. So, I abhor any effort to create a monopoly
5 in the shuttle van business, or any other business, in
6 San Francisco or any other place.

7 That's my first objection to this process.

8 I think the process was flawed. It was
9 originally brought public, and then it became very
10 private, and only those people who were directly
11 involved, those shuttle operators, were involved in the
12 process. Even though if this goes through and this
13 monopoly is allowed to operate upstairs, and then the
14 remainder of these 24 plus companies are put downstairs,
15 supposedly on a prearranged basis, but in testimony in
16 previous meetings it was stated that 90 percent of the
17 van business leaving the airport is walk-up business.

18 So, what's to prevent the now approximately
19 20 companies that are downstairs to start taking walk-up
20 business on the lower level, which has traditionally
21 been taxicab business?

22 We know that the scheduled operators that are
23 allowed to operate on the lower level, there is a
24 problem. We complained of that. They might as well be
25 the limo operators that are inside hustling in the



1 terminal. They are hustling out on the island.

2 So, we think, one, the process is flawed. We
3 oppose any effort to make a monopoly out of this van
4 business. We think all of these small independent
5 operators ought to have equal access to those people
6 that, because of the process of licensing by the State,
7 allow unlimited vehicles with one license. If it were
8 like a taxi business, where you get one license per
9 individual with some variations.

10 Anyway, the person that comes in with the
11 most vehicles supposedly has the best shot at it. We
12 don't think that's true. We think the operators with
13 one vehicle are as capable of transporting people in a
14 group that want that kind of transportation to downtown,
15 same rates. We personally believe that the pricing
16 structure of taxicabs, whereby the more people you get
17 in, especially if they are traveling in groups, the
18 lower the cost per individual. So, we think that
19 taxicabs are still a viable way of transporting people.

20 The other thing is that we are trying to
21 create a monopoly and at the same time we are awarding
22 another rental car contract. Isn't it amazing that
23 transportation congestion traffic downtown has always
24 been a problem, and yet here we are trying to make it
25 easier for people to get in a rental car to drive



1 downtown? Now they are going to park the thing, if they
2 can find a place. Maybe what they ought to do is just
3 get in a taxicab. A lot of people like getting into a
4 taxi, have someone else drive them downtown, and when
5 they are ready to go somewhere else, they get another
6 one. They don't have to worry about parking. It's a
7 universally accepted method of transportation.

8 We think if the taxi industry were spending
9 any money promoting itself there wouldn't be a shuttle
10 business. There probably wouldn't be any limousines
11 running around.

12 And in fact, if the \$200,000 that the Airport
13 spends for a media campaign to promote ground
14 transportation, which a lot of people think is a
15 euphemism for shuttles, and the \$950,000 paid to an
16 outside contractor to operate information booths that a
17 lot of people believe is nothing more than, the primary
18 objective is steering people into shuttles, maybe none
19 of these companies would be in business if they really
20 had to promote themselves and compete fairly in the
21 marketplace.

22 So, we urge you to not approve this contract.
23 I think there are some serious ramifications in how this
24 operates. And the effect it would have on putting all
25 the remainder of those shuttle companies downstairs in



1 an already chaotic traffic condition, especially during
2 the height of tourist season. There has got to be a
3 better way. Allow the small operators to operate
4 fairly, and let's work on solutions. Thank you.

5 COMMISSIONER MURPHY: Thank you, Mr. England.

6 Mr. Pifarre? Is that right?

7 MR. JUAN PIFARRE: Good morning,
8 Commissioners. I sent you a letter, which I also sent
9 copies to the Human Rights Commission. I am basically
10 asking you that you do not take at this time any action
11 on this matter, and allow the Human Rights Commission
12 and the Board of Supervisors the opportunity to take a
13 look at some of the issues that we have been concerned.

14 We do understand that you have the
15 jurisdiction of this matter, but however, I think that,
16 unfortunately, this matter has been sent by the staff up
17 there for, and I hope you know this, not saying anything
18 about the Commission, in a bubble.

19 The great accent of this discussion have been
20 the customer. The customer is the public, the public of
21 San Francisco and the surrounding counties, the
22 neighborhoods of San Francisco. Nowhere you will see in
23 the documentation presented a survey of users of shuttle
24 bus services, kind of like a customer service, you know,
25 type of questionnaire, you know, like interviews with



1 people who use, nor have you been able to ascertain,
2 because of the time in which these meetings are done,
3 how the public feels of this.

4 We feel this is an issue of the utmost
5 importance, public policy. You are talking not about
6 shuttles and curbs. You are talking about public
7 transportation. We believe that the Airport has been,
8 for whatever reasons over the years -- and it may not be
9 your doing. It may have been commissions before you and
10 staff before Mr. Turpen -- have been negligent in
11 providing transportation to the Airport from San
12 Francisco and from other counties.

13 20 years we continue to grow, and we still
14 don't have access to CalTrain, access to public
15 transportation loops which are adequate and would have
16 solved the problem. So, what happens is your failure to
17 address a very important public policy issue, public
18 transportation, adequate, affordable public
19 transportation to the airport has been met through
20 people in the best American style, through competition.
21 It has been at times fierce, but has served the public,
22 and served the public fairly well.

23 We are extremely concerned that another issue
24 which is really important for you to consider, other
25 than the public transportation road that it provides by



1 default, is the issue of access.

2 Now, let me give you a couple of examples.
3 The Airport staff makes a decision in a bubble. One out
4 of every seven residents of San Francisco are Spanish
5 speaking. They do use the few companies that have
6 bilingual operators and personnel. Our people travel
7 quite frequently to Central America and Mexico, two
8 times, sometimes three times a year for family reasons.
9 Fernando Adventures provides access. It's a company has
10 been established, a Latino company, is used
11 traditionally. Generation after generation of Latino
12 families use their services. Nowhere in the equation
13 that particular access, through language, through
14 service, not only to the Latino residents of this city,
15 but to the many Latino Americans that come here for
16 conventions is taken into consideration.

17 The second one, and one of the reasons I got
18 involved, and one of the reasons that many of us have
19 sympathies with the seven shuttle companies that you
20 heard some testimony, is because they do one thing.
21 They are neighborhood companies. They are based in San
22 Francisco. They serve all our neighborhoods, not just
23 the hotels downtown. They do not redline, like Lorries
24 have done.

25 And I have to tell you, many years ago I



1 wrote letters in favor of Lorries when they went for the
2 first time, trying to break the monopoly that the
3 Airporter buses had. And I am kind of disappointed that
4 all these years later black and Hispanic neighborhoods
5 in this city are basically segregated from what
6 constitutes a public transportation to the Airport.

7 There are companies which are going to be
8 awarded the contract that don't serve neighborhoods
9 which are east of Potrero, south of Army. And if you
10 were awarding a public transportation contract in this
11 day and age you are not going to go for a company that
12 segregates certain neighborhoods because they are low
13 income, minority, or they are not as good business as
14 the downtown hotels.

15 It seems to me you have to take a look at
16 these very important public policy proposals. The best
17 thing for you to do at this time is to postpone this, to
18 let a little bit of the debate go on, to let some of the
19 testimony from the communities come in, to ascertain
20 what has been done before, how the San Francisco
21 neighborhoods, and by the way, other neighborhoods in
22 the surrounding counties have been served by the
23 different companies, and do not make a decision just in
24 a bubble. Make a decision that is best for the public
25 interest. Thank you.



1 COMMISSIONER MURPHY: Al Hall.

2 MR. AL HALL: I wanted to start out by --

3 MR. TURPEN: Excuse me. Could you give me
4 your full name again? We would like you to start with
5 your name.

6 MR. HALL: My name is Al Hall, and I am a
7 taxi driver at City Cab Company.

8 I would like to start out by just making a
9 comment with reference to the young lady who was talking
10 about empty vehicle miles. And I thought that the
11 Commissioners ought to know that two of the few
12 companies that actually spend advertising dollars
13 creating customers in the city are SuperShuttle and
14 Lorries, and they actually do take a fair number of
15 passengers to the Airport. I just wanted to make sure
16 that she was aware of that.

17 My concern is not really the upstairs and the
18 downstairs end of this. My concern is that the
19 Commissioners apparently have decided to make this
20 change, and should address the issue of control and
21 discipline among the van drivers that are placed
22 downstairs.

23 As Mr. Rubin, who I understand is an attorney
24 for some of the losing bidders, made the comment that
25 companies could not make a living on appointments only,



1 cab drivers in this business have experience with van
2 services for many years. We have noticed that by and
3 large the vast majority of them spend zero dollars on
4 advertising. They do not create a business base in the
5 city. They exist off of the walk-up business at the
6 Airport, or they act as scavengers in the City, either
7 mirroring the routes of the larger companies and beating
8 them to their stops by five minutes to try to pick up
9 their fares.

10 I would like to remind the Commissioners that
11 over time the issue has not only been curbside space and
12 traffic congestion on the top deck. The issue has been
13 discipline and policing of the, policing problems with
14 the competing shuttle companies.

15 Our fear is that if you move these smaller
16 companies to the lower level that those discipline
17 problems will continue, and they will be in our back
18 yard at that point. And I have not seen anything
19 addressed by the Commission or by Landside with regard
20 to how they would handle that problem.

21 I would like to make a suggestion, however.
22 Having talked to a number of the shuttle operators, I
23 understand that there is a holding area for shuttles
24 while they wait for terminal space. At maximum, that
25 holding area can hold 80 or so vehicles. The most it



1 ever holds is 30 to 35.

2 I would suggest that an appointment on the
3 lower deck, a shuttle operator who had an appointment
4 would go to that holding area and wait until a phone
5 call was placed, either at a white courtesy phone or at
6 one of the Airport information booths, if that area is
7 funneled to a holding area, and then request that
8 service by name, and then that service could be
9 dispatched to the appropriate curbside space.

10 What we feel may happen if there is not
11 control of the lower roadside is these shuttle operators
12 would be forced to solicit our business, to be in the
13 terminals, yelling and screaming at our customer base,
14 and that is not the intended policy of the Airport with
15 regard to this lower level.

16 So, I would suggest that you place them in a
17 holding area and allow them to be called out when an
18 appointment arrives. The appointment could then
19 designate what section of the curb they will find their
20 shuttle at. It will probably be a more effective way of
21 dealing with the actual appointments than simply
22 allowing them curb space to wait for some appointment
23 that they may have made in the past, or to wait for some
24 customer that they hope to scavenge off the streets.

25 Thank you.



1 COMMISSIONER MURPHY: Thank you.

2 Mr. Burke?

3 MR. ED BURKE: Good morning, Commissioners,
4 Mr. Turpen. My name is Ed Burke, and I am a driver of
5 DeSoto Cab. I really feel that any business practice
6 that is a monopoly ultimately does not serve the public
7 well, and creates its own set of problems.

8 When I first started driving a cab I was with
9 Sunshine Cab, and old Yellow was in existence, and only
10 they could serve the airport along with two or three
11 other customers. I was frozen out. I thought that was
12 very unfair.

13 And now I see the same possibility happening
14 with the shuttle companies. And I could see that in the
15 future happening to us, for whatever reason. The more
16 people who can serve in this business, the better off
17 the public will be. We have had elegant testimony to
18 that fact so far.

19 I would suggest that, okay, we have a very
20 good, pretty good taxi operation at the Airport in the
21 way of Spanish, in the way of a stage. There is
22 discipline to it, and there is accountability that every
23 driver must have for his or her actions.

24 A similar system could be put in place for
25 the van services, so everybody can participate in the



1 business of serving the public, and the public will have
2 the widest possible choice to get the services that they
3 desire, where there is that bilingual driver or there is
4 that one company that does service the Haight or the
5 Western Addition or whatever, whatever neighborhood, but
6 the widest possible services remain.

7 I think this is really just a problem of
8 organization more than anything else. We have 811
9 taxicabs in the city. All 811 obviously can't fit into
10 the Airport lot, so only a certain number of them fit,
11 and the rest go back to the city. You have a van
12 staging area that holds a certain number of people, of
13 vans. Those that don't fit in, go back to the city and
14 wait until they can get in.

15 I believe that you can manage the control of
16 the traffic of the Airport and all the concerns that
17 Mr. Turpen expressed by just being more creative on your
18 end as coming up with a better system that really works
19 so nobody is left out.

20 I am really also concerned that we are going
21 to have van drivers downstairs getting into our
22 business. And you would have created a desperate class
23 of working drivers by doing this. You are freezing
24 somebody out rather than including them. I think
25 everybody should be included, and at the same time



1 solving the problems that are there legitimately.

2 Thank you very much.

3 MR. TURPEN: Thank you.

4 COMMISSIONER MURPHY: Mr. Santiago. Edwin
5 Santiago from DeSoto Cab Company.

6 MR. BURKE: I think he probably left and went
7 back to work, like I have got to.

8 COMMISSIONER MURPHY: Mr. Solorio.

9 MR. FRANCISCO SOLORIO: Commissioners, I
10 wasn't really interested to speak out for myself. But
11 just to write a little bit about me, so it makes me feel
12 like I tell you a little bit about me. It seems to me
13 like you are all pretty young people here. They are all
14 really youngsters, including Mr. Turpen.

15 MR. TURPEN: Thank you.

16 MR. SOLORIO: I was a cab driver when he
17 became the Airport director. And just for the record, I
18 represent Francisco's Adventure, and my name is
19 Francisco Solorio. Been operating since 1981 without
20 missing a day, even if I have had a few headaches from
21 the Airport rules and regulations of Landside
22 operations.

23 The reason I got up is because it seems to me
24 it's all negative here. It seems like nobody really
25 understands this business, most of you.



1 And for the cab drivers' reason, too, if you
2 think you don't have the business, I used to remember,
3 and I think still, they have a shared ride. They can
4 ride a cab for the price of one. I used to be a cab
5 driver. For the Landside operations here, for the
6 Airport purpose and Commission to look at it a little
7 bit, there is enough space there. All they have to do
8 is figure out how, which they haven't yet.

9 We can even operate, even without extending
10 right at the curb space, which they claim they need to.
11 All you have to do is get some representation.

12 I never have that. I would like to have one
13 person to represent my business right here.

14 What they do here, with all these maps and
15 all these allocations, this is the course of two or
16 three years working back and forth over there. We used
17 to call them Bencharo (phonetic) Association. Then
18 Mr. Youngest will come in and prove that he is so and
19 so. When he arrived at San Francisco, he bought a Luxor
20 Cab Company PUC license. I was already a carrier five
21 years before then. There is plenty of space out at the
22 airport there. We can even park the vans wherever they
23 give us a chance to park.

24 All we need is representation. We don't have
25 that. Wherever is the blue is two companies. Whatever



1 is yellow and red is up to nine or 10 companies, I don't
2 know, probably more. We have to let them be located,
3 because they tell us, we don't get them come and pick up
4 the customers, we no longer belong to the curb system.

5 But I am pretty sure -- so, we have the work
6 space there. And it's a lot of space. It's a lot of
7 waste. And in numbers I am not very good about it, but
8 I see the proposals where they don't make common sense
9 to me whatsoever. It might make common sense to you,
10 but I don't see it pretty clear. If it is usable, the
11 loop fees, then we will show how, that opportunity. Any
12 money it takes, I say takes, what does it bring us?

13 It's not really difficult to figure out. I
14 don't go to school. It seems to me that you all have
15 diplomas. Mine, I just got them as a cab driver and as
16 a prize fighter. And I was working, sparring when you
17 were forming. I don't remember when Landside became the
18 Office of Landside Operations. We didn't even have
19 United Terminal over here. And I was operating lower
20 level or whatever they call it, the scheduled transit.
21 They move me upper level. They move me wherever they
22 feel comfortable. I don't complain. I am still willing
23 to work. I think it's plenty of space. It's a lot of
24 ways to operate without misadministrating and misjudging
25 things, because there's no reason for it.



1 And I come up because when I read a little
2 bit over here, even my, let's say, Latino men call me,
3 Fernando San Francisco. And I am happy to see that
4 somebody wrote something about me, because I don't even
5 want to mention my name. That's because they all get
6 nervous. I don't know.

7 COMMISSIONER MURPHY: Okay. Mr. Smith, is
8 it?

9 MR. MARTIN SMITH: Commissioner Murphy,
10 Commissioners, Mr. Turpen. I came up here to kind of
11 emphasize --

12 MR. TURPEN: Excuse me. Give us your name
13 and association, please.

14 MR. SMITH: Excuse me. I am the general
15 manager of the Airport Shuttle and president of the
16 Airport Shared Ride Association.

17 We were talking about, Mr. Murphy had said
18 there is not enough space out there. We are not asking
19 for any more space, Mr. Murphy. What we are asking for
20 is an equitable share that will take in all the
21 companies.

22 You asked for what kind of plan we had out
23 there. Well, the PUC did a study in 1992 saying that 89
24 percent of the walk-up trade had no preference
25 whatsoever of which company they were going to pick.



1 There was no preference.

2 The plan we would like to put in, instead of
3 the bid, would be a plan that would, you would have a
4 staging area, which vans would line up first-come,
5 first-serve, and that the vans would be staged out of
6 neighborhoods. And up in the upper level, where there
7 would be curb coordinators, they would call a van up out
8 of staging, which would have people waiting from the
9 neighborhoods.

10 This would take care of your congestion. The
11 van would come up, he would load and leave, and there
12 would be no van sitting there more than 45 seconds. He
13 would move on to the next terminal, which is the
14 International Terminal. And if there were people, say,
15 for the Richmond district, he would pick them up. He
16 would go to the third terminal, he would stop there for
17 45 seconds, and he would be out of there.

18 This would eliminate your congestion, and it
19 would give you an equal shot to every company. This is
20 the great American dream. A guy comes to this country
21 -- we have Greeks, we have Russians, we have Mexicans,
22 we have Italians, Chinese, blacks. All kinds are
23 involved in this business, and it's an opportunity for
24 them to make it. Whether they make it or not, they
25 still were available to try, and they weren't



1 restricted, and they weren't put out trying to do the
2 right thing.

3 We have a plan that will work, that will give
4 everybody access to this, access to the terminals. We
5 call it the LA plan, but it's not really the LA plan,
6 and it does give every company a shot, and everybody
7 lines up first-come, first-serve.

8 No one company has ever had 50 percent of the
9 business out there. It's always, under the PUC -- their
10 report says that 89 percent of the people are walk-ups.
11 The other 11 percent are reservations and requests.

12 And Mr. Hall from City Cab had also said that
13 Lorries and SuperShuttle are the only ones that
14 advertise. I beg to differ. I am fighting with the
15 people in my own association. I fight with American
16 Shuttle over the rights to advertise in the pocket, the
17 mailers and things. And I spend over, say, \$6,000 a
18 month just on advertising. So, every company
19 advertises. I know Bay Shuttle advertises. We fight
20 for the same, trying to get in these advertisements.

21 So, I think the bid should be stopped, and we
22 should try and sit down with the Airport like we used to
23 do, and figure out a way of implementing a plan that
24 will be fair to everybody, and just not one company or
25 two companies.



1 COMMISSIONER MURPHY: What would you do in
2 your plan about shuttle companies adding additional
3 vehicles indiscriminately? Would you limit the number
4 of vehicles somebody could have, based on ridership?
5 How would you handle that?

6 MR. SMITH: Mr. Turpen in the shuttle
7 finding, if a company wanted to add vehicles, it's a
8 show cause. If you can do it, if you have the ridership
9 and you can come in, and they have done it and it's
10 worked. If a person has built up his reservations, and
11 he's got a van that's just sitting and staging, he takes
12 his reservations and it keeps the spot. It works. It's
13 a show cause type thing, and that does work.

14 COMMISSIONER MURPHY: Okay. Thank you.

15 That's all the announced speakers. We will
16 certainly entertain anybody else who has something they
17 want to say.

18 MR. RICK SORENSEN: My name is Rick Sorensen.
19 I am a driver for Quake City Shuttle, and I have also
20 spoken before you.

21 To make this real quick, just from hearing
22 some of the cab drivers and some of the shuttle drivers
23 and being a driver, I just wanted to say that there is
24 the potential for a lot of negative occurrences or
25 competition between the two, whether the shuttle



1 companies go downstairs or the way they are upstairs.
2 And it doesn't seem like, from having worked out there
3 for the last couple of years, it doesn't have to be that
4 way. I think that there is a way that we can -- first
5 of all, the clientele is different. There are people
6 who don't want to take shuttles. They want to go right
7 to the city. They don't want to get driven to different
8 neighborhoods, and so on.

9 And I think the problem is that through the
10 Airport there has not been a campaign to promote the
11 different types of ground transportation to San
12 Francisco. People are very confused. There is kind of
13 an atmosphere that the shuttles are going to get in
14 front of the cabs, so they can see the shuttles first.
15 People ought to get what they want. If they want a
16 shuttle they ought to know where to go for that, and if
17 they want a cab they ought to know where to go for that.

18 They should not be getting into a cab because
19 they don't know there is a cheaper ride, and they should
20 not be getting into a shuttle because they don't know
21 there is a directer ride. And so I think one of the
22 problems that's led to some of the problems at the
23 airport today is this confusion and this sort of
24 atmosphere of not wanting to tell people because --
25 there are probably a lot of reasons. I am sure a lot of



1 people have gone into those.

2 But I just wanted to make a plea for the fact
3 that the problems out there can be solved different
4 ways. There is room for all of us. This is America.
5 This is San Francisco. We are supposed to be
6 encouraging small businesses. And I would encourage the
7 Commission to remember that. Thank you.

8 COMMISSIONER MURPHY: Mr. Pohl?

9 Would you again identify yourself and our
10 organization?

11 MR. RICK POHL: Rick Pohl from, the owner of
12 Quake City Shuttle. I just wanted to point out that the
13 proposed arrangement of curb space is for two zones of
14 three parking spaces each. The current system is three
15 zones with two parking spaces here. So, they haven't
16 affected the congestion at the curbs at all. They are
17 going to have the exact same number of parking spaces on
18 the curb. And they haven't limited the number of vans
19 that Lorries or SuperShuttle can operate. So, I think
20 they aren't really answering a lot of the questions, I
21 mean, the justifications of things by this offering.

22 COMMISSIONER MURPHY: Okay. Thank you,
23 Mr. Pohl.

24 JULIO: Good morning, I am Julio, and I am
25 with Lorries Airport Service.



1 Lorries submitted one of nine proposals
2 reviewed and evaluated by Airport staff. Lorries and
3 all the carriers that participated in this process
4 understood clearly they don't like a bid process where
5 the financial consideration is the one and only item
6 that determines the award of a contract.

7 The request for proposal process used by the
8 San Francisco International Airport, where the financial
9 consideration could only count for a maximum of 20
10 percent of the total points, gave a small local carrier
11 like Lorries the opportunity to be seriously considered
12 for one of the two agreements, based on the merits of
13 our proposal and not our size.

14 It became evident to us that in this case the
15 San Francisco International Airport had better passenger
16 services and not fees as their ultimate objective.

17 Lorries respectfully asserts to this
18 Commission that the San Francisco International Airport
19 evaluation process was fair, in that it gave every
20 participant equal access to the two available
21 agreements. The proof is that Lorries, a small local
22 business, scored first in the evaluation process, and is
23 now being recommended for one of the two agreements.

24 Lorries has never excluded other
25 professionals in our industry from our plans. Initially



1 we separately contacted two Bay Area carriers to extend
2 an invitation to submit a joint proposal. In both
3 occasions our invitation was declined. These two local
4 carriers submitted their own individual proposals.

5 Conversely, Lorries received an invitation to
6 join another group of carriers presenting a joint
7 proposal. However, after careful analysis we determined
8 that this group would not address the operational
9 issues, which counted for 50 percent of the potential
10 points to be earned, with the degree of depth that we
11 felt was required. Therefore, we declined their
12 invitation.

13 With only one other alternative available to
14 us, which was to desist from participating in the
15 process, we decided to prepare and submit our own
16 proposal. In the preparation of our proposal we
17 received technical assistance from recognized
18 professionals in transportation engineering in order to
19 analyze in depth the transportation service requirements
20 of the agreements.

21 Our experience in the business and their
22 expertise were carefully balanced in preparation of the
23 operation plan spelled out in the proposal. Should we
24 be awarded one of the agreements, the team will continue
25 to work together in the transition and start-up periods.



1 In the 17 years we have been in business,
2 Lorries has always been an enterprise where all
3 minorities have found an opportunity. We will continue
4 our commitment of maximizing the recruitment of
5 minorities and women in the years to come, and we pledge
6 to maintain the same high quality of passenger services
7 that has become our trademark and that the Airport will
8 require. Thank you very much.

9 MR. TURPEN: Thank you.

10 COMMISSIONER MURPHY: Anyone else?

11 MR. TURPEN: I at this point would like to
12 make staff available to the Commission for any questions
13 the Commission may have.

14 Our recommendation remains before you. We
15 have 24 or 25 companies now. There are 13 more
16 applications being processed before the Public Utilities
17 Commission presently. We see this as an area where the
18 demand for access into this business will far outstrip
19 our ability to accommodate it, and frankly provide an
20 extensive overcapacity to the market.

21 COMMISSIONER MURPHY: Shouldn't competition
22 sort that out?

23 MR. TURPEN: If we had the luxury of space,
24 that could be an option.

25 Unfortunately, we don't have that luxury.



1 Our van holding lot is 40 vehicles, not 80. Is that
2 right, Sheldon?

3 MR. SHELDON FEIN: Yes. We have 30 spaces in
4 the van loading lot. In periods of time there are
5 two-hour weights, and the vans then park in parking lots
6 and other places on the Airport, just because we don't
7 have the space. In addition to the requests we have had
8 from all the companies to add more vehicles, and in
9 addition to the 13 additional applications at the PUC.

10 MR. TURPEN: The concern, obviously, is as
11 this capacity continues to grow we are looking at, in
12 the last year, something like four million empty seats
13 which left San Francisco Airport in this market, or in
14 an attempt to serve this market. We see that number
15 growing disproportionately to the demand for the market.

16 Clearly this option which we brought before
17 you today was an option that was available to us for
18 several years. We have been able, through some
19 creativity on the part of the industry and the Airport
20 staff, to delay coming before you in this manner.
21 Unfortunately, the Public Utilities Commission, after
22 almost a year of effort by this Commission and staff,
23 granted a six-month moratorium. That is now gone.

24 The PUC's stated philosophy of deregulating,
25 frankly without regard to the implications upon a major



1 world transportation hub, cast us into the role of
2 having to make a recommendation to this Commission. It
3 is the recommendation that we think is necessary.

4 We don't intend to put anybody out of
5 business. The PUC clearly says that the on demand, or,
6 excuse me, that vans can, with prearrangement, pick up
7 passengers. We are providing spaces in the courtyards
8 for that activity to continue. But we cannot allow
9 deregulation to sort out this problem.

10 My other concern, Commissioner, is if we had
11 the luxury of that space, deregulation might sort it out
12 temporarily. But quite frankly, there would be a whole
13 new series of entrants competing for space in the
14 future. So, I think it's an area where, as long as we
15 are faced with a deregulated environment, a physically
16 constrained airport, and frankly a market which has been
17 saturated to capacity, the option before you is a wholly
18 reasonable course.

19 It was one that we brought to the Commission
20 for the first time I believe in 1989 as a potential
21 option which we wanted to put on the back burner, in the
22 hopes of doing something else. Unfortunately, at this
23 point we just can't come up with anything that matches
24 the two effectively and continues our commitment to
25 provide an efficient operation on the landside.



1 But staff is available if there are any
2 questions the Commission has.

3 COMMISSIONER JEANPIERRE: Have we had any
4 outside consultants look at alternatives, alternatives
5 for physical reconfiguration?

6 MR. FEIN: Going back to 1987, at that time,
7 with the van companies we had in the zone, there were a
8 lot of physical confrontations among the drivers
9 occupying curb space and soliciting people in the
10 crosswalks.

11 Despite going through six months of meetings,
12 what we had to do was place uniformed police officers in
13 every one of the van zones. And I believe we did this
14 for a period of three to six months. At that time the
15 commission retained a consultant, Mr. Greg Harvey. And
16 he was a consultant to the Commission, and not to the
17 staff. And he came up with recommendations to the
18 Commission to operate. And those recommendations were
19 implemented in early 1988. And that's when we set up
20 three zones at the North Terminal, three zones at the
21 South, and one shared zone at International.

22 He recommended that we allocate the zones
23 based on the existing percentages of traffic the various
24 companies had.

25 We went through a lottery system with all the



1 firms, and we had about one year of meetings. We met
2 once a month. And after that year we came up with the
3 system that we have. The firms were required to have,
4 quote, a group curb coordinator. Each one of the firms
5 of the 24 firms could not have an individual at each
6 place, but they could jointly hire a coordinator who
7 would call up the vans and control their zones.

8 On three different occasions the firms have
9 fired their coordinators, hired new ones. There is
10 fighting between the coordinators and the companies
11 themselves. Each -- there are groups of companies that
12 feel that their own coordinators are not fair.

13 The coordinators do not control the fighting.
14 They do not control the soliciting, the waving the arms
15 and yelling across the roads, and so forth. And they
16 have made it very clear to Airport staff of that. And
17 as a result of that, the result of the total number of
18 firms that we have, where if we gave additional permits
19 now, we would be up to 37 or 40 firms.

20 COMMISSIONER JEANPIERRE: So, the outside
21 consultants made a recommendation in 1988.

22 MR. FEIN: Right.

23 COMMISSIONER JEANPIERRE: Okay. I see the
24 passenger traffic doubled since that time. Has the
25 outside consultant come back in to update his



1 recommendations?

2 MR. FEIN: The second part of his
3 recommendation was that, if the volumes grew to this
4 number that we should do what we have done with the
5 limousine transportation and ground transportation, and
6 that is, you bid out and have the two zones to operate
7 on a walk-up business. All the other operators operate
8 on prearranged. And that's exactly the same system that
9 we have had to take with the limo operations several
10 years ago, because of the number of different limo
11 companies in the area.

12 COMMISSIONER JEANPIERRE: Another comment I
13 have, too --

14 COMMISSIONER MURPHY: Excuse me a second. I
15 want to take that a step further. What's the limo
16 arrangement? There is a bid space and then there is a
17 walk-up space, you said?

18 MR. FEIN: We have bid out limo booths in the
19 terminal, and have a staging area for those two
20 companies that are contracted with the Airport. All the
21 other companies are allowed to have prearranged people.
22 They come in the terminal with their waybill. They pick
23 up their passengers and they service them, so anybody
24 who wants a specific company can get that, and all we
25 have done is contract out the walk-up business.



1 COMMISSIONER MATTISON: It's the same
2 proposal as the shuttle arrangement.

3 MR. FEIN: This is the same type of proposal,
4 because of the growth in the number of companies and the
5 inability to handle the companies that permit.

6 COMMISSIONER JEANPIERRE: How long have you
7 been getting input from the individual shuttle drivers?
8 Because it appears here we are at this point where we
9 are going to make a decision. A lot of things are
10 coming up, and I know this has been going on for a
11 couple of years at least. So, have you been receiving
12 input? Were they aware of this and allowed the
13 opportunity to ask questions about the approach, where
14 we are now, or what?

15 MR. FEIN: We go back to the once-a-month
16 meetings that we had throughout the early '80's, and
17 ongoing dialogue. Over the years I have attended
18 meetings of the van association, and at one time had
19 represented a large number of the companies. And I
20 would attend their meetings once every several months.
21 Since then there are many different splinter groups.

22 Early in 1992, when we brought this proposal
23 -- actually, in 1991 we had discussions with the company
24 on the proposals. We came before the Commission and had
25 discussions on a prebid conference. After that point in



1 time we had meetings. All the companies attended. The
2 taxi individuals were also invited.

3 We had a pre-bid conference, explaining the
4 type of bid proposal that we were coming out with, that
5 we wanted 80 percent of the proposal to deal with
6 operational type issues and only 20 percent with
7 monetary issues. We went through that proposal. We
8 came back to the Commission. The companies had made
9 recommendations. We had incorporated their
10 recommendations into the bid spec. And at that point in
11 time there was no controversy about advertising or going
12 through the process. The controversy comes about now,
13 when we have already selected which firms should be
14 awarded the bid. So, this has been an ongoing process
15 for probably about 15 months.

16 COMMISSIONER MATTISON: Do you have any
17 reflections on the concerns that have been expressed by
18 a number of taxicab operators related to the obvious
19 discipline problem that might occur on the lower level?

20 Obviously we are going to be dealing with the
21 potential of solicitation for walk-up business and
22 competition with the cabs if shuttle operators, God
23 forbid, are prone to not follow the guidelines of having
24 only prearranged pick-ups. How -- I mean, that's
25 Operations 101, but --



1 MR. TURPEN: There are no shortage of
2 contestants for that game, Commissioner. And
3 unfortunately, it's a constant effort on the part of the
4 Airport staff, the Airport police to try and monitor and
5 surveil for solicitation. Solicitation is obviously
6 trying to dissuade any of our passengers from their
7 choice in terms of ground transportation. Clearly there
8 is an element of risk.

9 COMMISSIONER MURPHY: Or assist them in their
10 choice.

11 MR. TURPEN: Or assist them, either one.

12 COMMISSIONER MURPHY: It seems to me that the
13 risk you are talking about is somebody will go in with
14 their waybill to pick up a passenger and, as it is with
15 limos, it's irresistible to see if you can add a few
16 paying customers to make a ride a bit more profitable.

17 COMMISSIONER MATTISON: I don't think we ever
18 deal with that, and I don't think we will ever resolve
19 that.

20 MR. MARTIN SMITH: Mr. Turpen and Commission,
21 again --

22 COMMISSIONER MURPHY: Again, would you repeat
23 your name?

24 MR. SMITH: Martin Smith, Yellow Airport
25 Shuttle and president of the Shared Ride Association.



1 With reference to the setup as the Airport is
2 now, and to the report that Mr. Fein has given, he has
3 said to put different people at different curbs and
4 create three zones.

5 As Mr. Turpen and Mr. Fein know, in the red
6 and yellow zone there is approximately, there are 22
7 companies. In the blue zone there is one company. So,
8 you are -- and that would be SuperShuttle. And that
9 creates an unfair advantage. I mean, you shove all
10 these companies into two zones, and you are going to
11 create havoc, when you just have one company sitting
12 there in the blue zone that is free to put as many vans
13 as they want on the zone at any time they want.

14 So, your study goes down the tubes when you
15 see that you have all these companies shoved together,
16 and you have one company sitting there. And also, even
17 with that one company, with that monopoly in that one
18 curb there, 89 percent of the customers have no
19 preference whatsoever, even with the unfair advantage
20 that SuperShuttle has over all the other carriers.

21 COMMISSIONER MATTISON: I thought the curb
22 allocation was made based on market share at the time
23 and place that the allocation dealt with. In other
24 words, SuperShuttle already had 40-50 percent of the
25 market at the time those allocations were made, and that



1 was just a manifestation of that, not the cause of it.

2 MR. FEIN: At the time of the bid and the
3 time of -- excuse me. At the time we met with all the
4 companies and set up the zones in the mid 80's, we took
5 the existing market share of the companies. And if
6 anything, SuperShuttle got less space. They have one
7 third of the curb space, and they had at that point in
8 time approximately 50 percent of the market share.

9 COMMISSIONER MATTISON: Including walk-up.

10 MR. FEIN: Including walk-up.

11 One of the employees of Yellow indicated that
12 there were long lines of people waiting at the
13 SuperShuttle zone at times that had long waits, and that
14 at other times -- and at those same times the other
15 zones that we have reserved for the other companies are
16 empty. People do not walk over to the other zone,
17 because they want a particular level of service, and
18 this is really a public choice.

19 In addition, I would just like to correct a
20 couple of statements that Mr. Smith made about the PUC
21 report. The Airport had two people that served on that
22 PUC committee.

23 The first thing the report said was that 50
24 percent of the people preferred SuperShuttle. It said
25 that 89 percent of the people, when they were at the



1 Airport, just walked up.

2 Coming from the other end in they would all
3 make reservations, but when they were at the airport, 89
4 percent of the people just walked up without previous
5 reservation, because they knew that the vans were there.
6 That's where the 89 percent came in. And that 63
7 percent preferred one of four companies. So that
8 basically, as far as public preference, there are very,
9 very small preferences for the levels of service of
10 certain companies over others.

11 COMMISSIONER MATTISON: What about the other
12 -- excuse me. Go ahead, please.

13 MR. SMITH: These reports were given to us in
14 meetings we had with Mr. Fein, so I have only got to go
15 on what he says. But the fact that still remains is, if
16 this was spread out, the space still remains the same,
17 and they could still hold a moratorium on any companies
18 coming in. Companies would be able to drop -- they do
19 that now. Companies who come in, they are only allowed
20 to drop off, and that way through competition they
21 eventually get eliminated or they expand their business
22 to, or they somehow get on.

23 But anyway, the space is still the same, no
24 matter which way you look at it. You are still going to
25 put 22 companies out of business if this bid goes into

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1 effect. In this day and age, where we are in the middle
2 of a recession and money is getting harder and harder, I
3 wouldn't like to have that on my conscience.

4 COMMISSIONER MATTISON: Our goal is not to
5 put anybody out of business.

6 MR. SMITH: Well, we are showing a way we can
7 make it a fair share for everybody.

8 COMMISSIONER MATTISON: We are trying to
9 maintain the fair share as well, and under some very
10 difficult circumstances. And we are driven mainly by
11 customer service and by trying to control some problems
12 that have been brewing very visibly for a long, long
13 time.

14 COMMISSIONER MURPHY: Let me go back to
15 basics here, and let make sure I understand something.

16 The blue zone is used basically by --

17 MR. TURPEN: Sheldon, why don't you explain
18 it real quick?

19 COMMISSIONER MURPHY: Yes, walk me through the
20 three zones.

21 MR. FEIN: The blue zone is used by
22 SuperShuttle and Bayporter. Bayporter is one of the two
23 companies that use it.

24 The yellow zone and red zone are used by
25 approximately 11 companies each. There may be 13 in one



1 zone and nine in the other, or 11-11 -- I don't remember
2 the exact number -- based on the volumes of people they
3 carry. And what we did was --

4 COMMISSIONER MURPHY: Excuse me. You just
5 lost me there. Based on the volume of people they
6 carry. That depends if they are red or yellow, or it's
7 a distributive scheme so you are about even between the
8 two?

9 MR. FEIN: What's happened is the blue zone
10 carries more than 50 percent of the traffic. These
11 zones carry approximately 25 percent of the traffic
12 each. As new companies came into the field, we would
13 designate that the new company went to either the red or
14 yellow zone, depending on which one had prior existing
15 volume. And that's how, after the zones were set up in
16 the mid 80's --

17 COMMISSIONER MURPHY: A balancing effect.

18 MR. FEIN: -- we came out. So that we tried
19 to balance the people activity at the various locations.

20 COMMISSIONER MURPHY: So, Francisco's --

21 MR. FEIN: Francisco and Yellow both happen
22 to be operating out of the yellow zone.

23 MR. SOLORIO: Excuse me. The reason for that
24 is because when some customer who preferenced, or
25 whatever you say, preference, they come into



1 Francisco's, for example. Francisco's vans are never
2 there. How can they find out, when they are in the
3 parking lot? Then for the Commission to recommend to
4 take us and that system that we worked with, and
5 relocate us, 45 minutes to an hour for rotation as we
6 call in companies in order. So, therefore we have no
7 such equal system in play here, because they called
8 Yellow for several. Then I come up. Then we have a six
9 to seven minutes order. And then American, Lorries,
10 Bayporter, and on and on and on.

11 COMMISSIONER MURPHY: But in a way,
12 Mr. Solorio, that's not our doing. And it's because
13 there are so many van companies now.

14 COMMISSIONER MATTISON: The system doesn't
15 work any better for you than it does for us right now.
16 That's the whole thing we are having such a time with.

17 MR. SOLORIO: But this is what we are trying
18 to point out, the disadvantages with these other
19 companies. They say the reason for preference is
20 because there are always SuperShuttle vans present.

21 MR. PIFARRE: The point is, there has been
22 preferential treatment for SuperShuttle, which is a
23 company based in Los Angeles.

24 COMMISSIONER MATTISON: You do the cart
25 before the horse. That's really insulting, but I will



1 respond anyway. The curb allocation was done based on
2 the historical performance of SuperShuttle. They are a
3 performer. They do a damn good job. What can you say?
4 They are pros. They know what they are doing. The
5 public votes with its dollars and its feet, and it walks
6 up over half the time to SuperShuttle. There is no
7 magic here.

8 We are just trying to figure out how to
9 balance the reality with an equitable system here. We
10 are not trying to put people out of business, but we are
11 going to solve this problem and give the passengers who
12 are coming for the first time to San Francisco the best
13 deal.

14 And to continue with specifics, I am curious
15 about the neighborhood coverage issue. In other words,
16 obviously we all want to be able to have anybody coming
17 in looking for a niche operator. We don't want, number
18 one, redlining, obviously. So, that's clearly not going
19 to be a part of what's going on with any of the winning
20 bidders.

21 But by the same token, we also know that
22 certain operators are very strong in their niche, in
23 their markets. And if any people coming up saying I
24 want to go X area, if we had some sort of referral way,
25 some sort of way for them to know that they could go



1 find Francisco Adventure at a particular point
2 downstairs, or they know exactly where to be referred
3 to, that may be some way to look at it, and actually
4 oppose it on SuperShuttle or Lorries to make those
5 referrals for a buck a pop or something, if they
6 actually get a request for a neighborhood that they are
7 trying to cover. You have got to come up with some kind
8 of system to --

9 MR. ERIC SHARABI: Let me say something. How
10 many taxicabs we have in San Francisco? How many
11 different companies you have in San Francisco? Yellow
12 during 1975, Yellow Cab used to own all the airport.
13 What happened when they went bankrupt? Turpen accepted
14 all the taxi companies. Let's make it simple. You have
15 a holding lot that can fit 50 vans right now.

16 You can designate the lines, Sunset,
17 Richmond, Downtown, Wharf, and have every lane with the
18 10 vehicles. When the lot is full, you return the van
19 back to the city. And that's how you rotate the guys.
20 And if somebody has a preference to go with
21 SuperShuttle, they radio the guy and he brings the
22 SuperShuttle van in there. What's wrong with that?

23 But then you have it when the staff has been
24 protecting SuperShuttle all along. And that's not fair.

25 COMMISSIONER JEANPIERRE: But back up to the



1 coverage area again.

2 MR. FEIN: I would just like to defer that.
3 A large number of the companies, including
4 Mr. Sharabi's, service the downtown area. There are a
5 large number of other companies that do service the
6 neighborhoods.

7 SuperShuttle services the city, and they are
8 the only company that divides the city up into various
9 zones, so that if they have people going to different
10 zones they have headliners on their vehicle so that
11 those people would go within that zone, and not have to
12 be driven around large areas of the city.

13 So, basically, to answer your question, they
14 do cover the city. All of the bid operators have to
15 have some modifications and so forth with the PUC to get
16 city-wide authority, and they are all in the process of
17 doing that, and that will be approved.

18 COMMISSIONER MATTISON: That's my
19 understanding. And the question I would like you just
20 to look into is an administrative thing and a service
21 thing, is whether in dealing with these neighborhood
22 niche issues in which some people are very strong in
23 certain areas to serve those areas, if there is some
24 possible informal system or some possible way of dealing
25 with getting passengers directed to the people who are



1 going to provide that service the best, although it may
2 well be that the big operators want to be all things to
3 all people. It may or may not turn out to be the way to
4 do it.

5 MR. FEIN: Again, we do have the information
6 booths in the building, and some groups said that it was
7 a waste of money. The other groups said we are not
8 doing enough.

9 We think we have a balance. All the van
10 companies will be listed. If Francisco's Adventures is
11 bringing somebody to the Airport, that person will be
12 able to get information at the booth where to pick them
13 up. I am sure that their driver will tell them when
14 they drop them off where to pick them up, and either
15 schedule their return trip at that point in time,
16 because they have their airline tickets and they know
17 when they are returning, or give a call ahead of time to
18 get picked up.

19 COMMISSIONER MATTISON: Who is going to
20 coordinate on the curb side on the upstairs, under the
21 new proposal?

22 MR. FEIN: Under the new proposal each one of
23 the companies would have to have a uniformed curb
24 coordinator and operate within the rules and guidelines
25 that are specified.



1 COMMISSIONER JEANPIERRE: Right now. But
2 it's my understanding, and I want to make sure that I am
3 clear on this, that the two winning proponents will have
4 to serve the entire city.

5 MR. FEIN: They will have to service the
6 entire Bay Area. And while we had two individual
7 companies winning, there were consortiums that different
8 groups had put together to serve the Bay Area. Both of
9 these proponents indicate that they will serve the
10 entire Bay Area. That will be one of the requirements
11 of the bid.

12 COMMISSIONER HO: I just want to be real
13 clear about this. So, anyone who walks in, walks up,
14 and they want to go anywhere in the Bay Area, they will
15 be able to do so.

16 MR. FEIN: That's correct, within specified
17 time limits. Up until now, if you had a walk-up and you
18 wanted to go to some distant area in the East Bay, if
19 there were no vehicles available you would have to wait
20 a long period of time. Under the service requirements
21 they have to provide service to various areas throughout
22 the Bay Area within a specified time limit.

23 MR. UBET WITHERSPOON: Can I say something?

24 Again, my name is Ubet Witherspoon. I am a
25 driver for Bayporter Shuttle. Everything is dandy on



1 paper, just like Lorries's proposal. They went to
2 experts and all that. A lot of these companies came
3 from their heart. They told you what they could do, and
4 that's what they propose.

5 Now, Lorries goes downtown, even though their
6 shuttles, if you go look at them now, it says downtown
7 hotels on all of their shuttles. And that's all they
8 serve, is just downtown. I bet you any of those
9 drivers, probably one or two of them might know, to the
10 extent a few of them have gone, they don't know where
11 Raccoon Street is, for instance, because they don't go
12 to that area. And that has been a problem.

13 All the rest of the shuttles here service all
14 the areas. And not only that, we serve a lot of other
15 companies, too, like the Peninsula, the South Bay, the
16 East Bay, and so forth and so on.

17 Now, with SuperShuttle -- that blue zone
18 should just say SuperShuttle and forget the color,
19 because that's exactly what it is. I bet you -- I start
20 work at 3:00 o'clock today. I will take, welcome any
21 one of you Commissioners, and I bet you any amount of
22 money, when there is a long line at the SuperShuttle
23 zone, that I can drive up there, if I don't get
24 arrested, that I can drive up there and ask those people
25 where are they going, "Do you want to go now?"

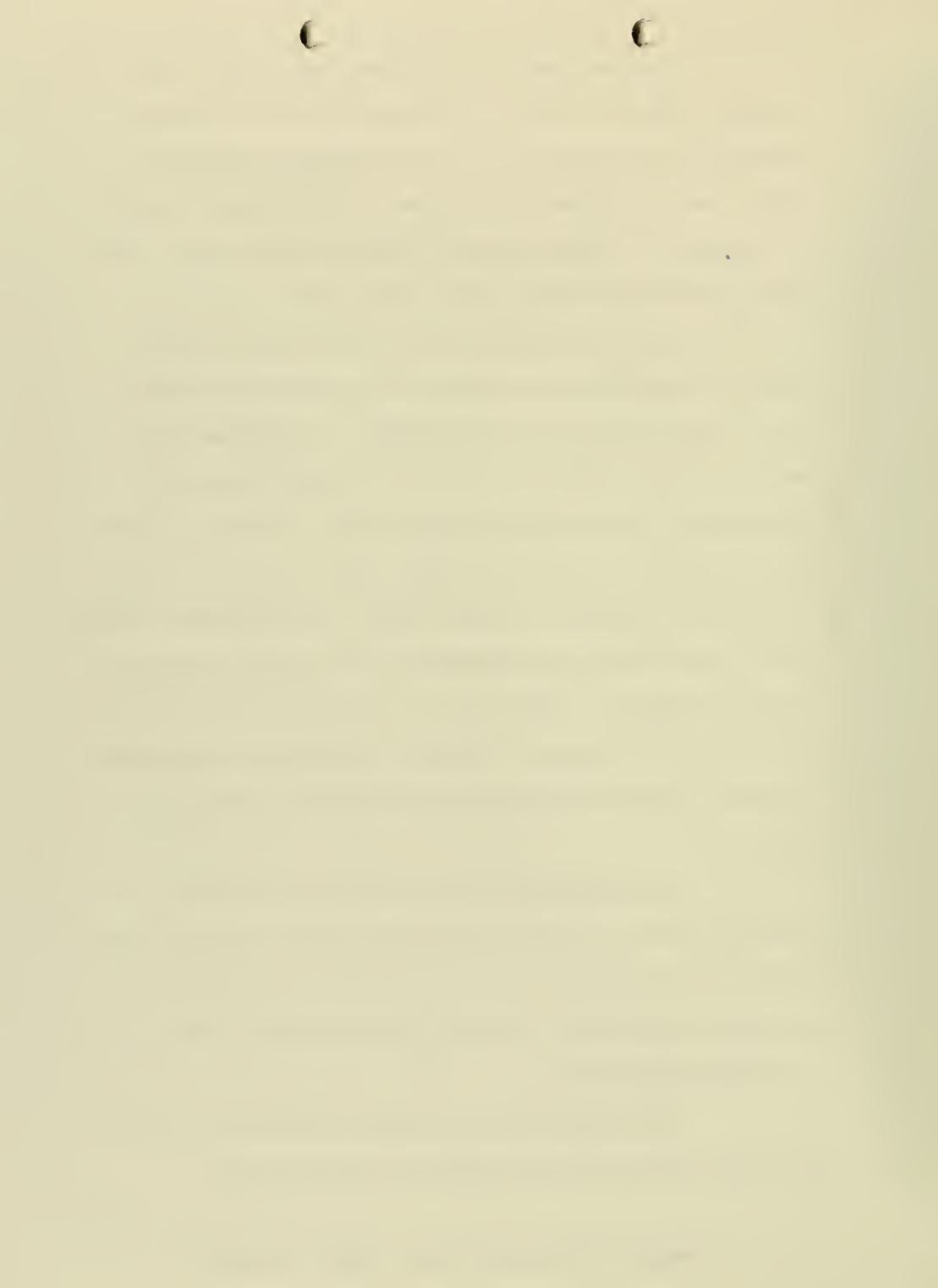


1 Because most of the time when people come off
2 a plane, they are tired. They want to go. And what
3 SuperShuttle offers and all other shuttle companies
4 offer, too, but SuperShuttle has an advantage, because
5 the Airport is going on this study that was done in the
6 '80's and now it's the '90's, and almost '95, '94.

7 If you pull up, you can ask any of those
8 people if you want to go home. They want to go home
9 now. They don't have no preference. Preference is
10 really out the window, as far as my experience is
11 concerned. But you can pull up there, and you can get a
12 full vanload of people and leave right now, if you are
13 willing to do that. But they don't let it happen. They
14 don't distribute the passengers or the vans enough to
15 let that happen. Let it rain. When the rainy season
16 comes you won't see that line at SuperShuttle, because
17 they run into all the other van companies that are
18 empty.

19 And SuperShuttle has another advantage, in
20 that they have LA and a few other places, airports that
21 they serve throughout the United States, so they have
22 the name recognition. That's about the only other
23 advantage they have.

24 The only other advantage they have is they
25 have the backing of the Airport directors and



1 administrators.

2 And like I said, I welcome any of you to go
3 in my van today at 3:00 o'clock, and I will pull up to
4 that zone, and I bet you any amount of money I can get
5 six people going anywhere in the city.

6 And also, another reason why -- sometimes I
7 drive up and I see a line at SuperShuttle, and I try to
8 figure out. And there are like 10 SuperShuttle vans
9 down in the staging lot. Why aren't they are picking up
10 those people? The reason they are not picking up those
11 people, the reason they service the neighborhoods,
12 because they wait until they get maybe two, three, maybe
13 four stops in a certain area. Then they call up a van.
14 And that's just the way it goes. Because you can do it.
15 You can go over there and you see a long line. You go
16 down in the staging lot and you see three or four or
17 maybe sometimes 10 SuperShuttle vans down there, and you
18 are trying to figure out in your head why they don't go
19 up there. The reason they don't go up there is because
20 they are waiting.

21 It's a financial thing with all the
22 companies, and a financial thing with them, too. They
23 are not any better. They don't pick up one or two
24 people and take them to the city. What they do is save
25 up those people in the neighborhoods, and wherever they



1 are going in the city, and they get enough stops, what
2 makes it financially better for them to transport these
3 people to the city. And so they do save up people, and
4 that's another reason they have long lines, too.

5 But I welcome any of you to drive with me
6 tonight, and I will pick up people at SuperShuttle, as
7 long as I don't get arrested.

8 MR. PIFARRE: I just very briefly wanted to
9 clarify that the staff has not been truthful to you.
10 There is de facto segregation by some companies in San
11 Francisco. And I have to tell you, I called Lorries and
12 I asked for service on Evans Street and Wheeler Avenue,
13 and I was told that they don't serve those areas. And
14 in fact they don't serve those areas, because when they
15 went to the PUC there is a map that the staff is
16 familiar with, but they are not telling you, which
17 basically blacklists the south and eastern corner of the
18 city.

19 This is a fact, and it is a fact that hasn't
20 been investigated. And that's one of the reasons I have
21 asked that you postpone the decision until you are able
22 not to be sort of like, you know, like roller coastered
23 into this by the staff, but that you are able to
24 ascertain what are the facts.

25 There is de facto segregation in services in



1 certain neighborhoods of San Francisco because they are
2 not profitable enough or they are risky. And the staff
3 knows that.

4 COMMISSIONER MATTISON: Lorries's license
5 doesn't allow them to serve those areas right now.

6 MR. PIFARRE: That was their choice.

7 COMMISSIONER MATTISON: They will be serving
8 those areas, or they won't have this contract. We know
9 that from the proposal. They outscored every other
10 proponent. All we can do is set the criteria for
11 service, give it our best priority, and then rely on
12 staff to administer the hell of out it. And they are
13 out of there if they don't perform.

14 FROM THE FLOOR: We are out of business by
15 that time.

16 COMMISSIONER MATTISON: That's why we are
17 having all these discussions.

18 MR. SOLORIO: Neither of those carriers have
19 the license to serve the counties.

20 COMMISSIONER JEANPIERRE: If we can
21 synopsise, I have heard a lot of various different
22 comments from all the individuals who I assume were not
23 the successful bidders. Are you asking us to throw this
24 entire process out the window? Are you asking us to
25 restudy it? Are you asking us to study it some more?



1 MR. SMITH: Commissioner Jeanpierre, I would
2 think at this point, with all this testimony here, it
3 would behoove everybody to just dump this bid and try
4 and form some sort of situation that would be beneficial
5 to everybody, and have the Airport sit down with all the
6 companies and have us working, move it into a form which
7 will be equitable for all the companies.

8 COMMISSIONER JEANPIERRE: I don't know how we
9 got here. I was saying, it looks like we are doing it
10 after the fact. We should have done this earlier.

11 MR. SMITH: We had one meeting before the bid
12 came out, and they just said what they were going to do.
13 And everything -- it's just -- there is a lot of things
14 that are, we don't want to bring up. We don't want to
15 say, "Mr. Murphy -- "

16 He doesn't want any lambasting, he doesn't
17 want any name calling. And we are trying to respect
18 that.

19 The thing is, there are underlying comments
20 that were made. There are underlying things that
21 happened, that we could avoid all this if we just sit
22 down and form a committee that would give an equitable
23 shot to everybody. And this way we would be able to
24 control the industry.

25 MR. TURPEN: Thank you. I had a couple of



1 things.

2 The matter before the Commission is staff
3 recommendation for approval of this agenda item.

4 Going back, I was here in 1979. Sheldon
5 probably in retrospect shouldn't have accepted it, but
6 accepted my assignment of Landside Control and
7 Operations as part of his overall responsibility for the
8 last 14 years.

9 We went through this three years ago. We all
10 went to the PUC. We wrote letters. We appeared. We
11 begged. We pleaded. We asked for a moratorium. We
12 said, "This thing is coming down the wrong way and it's
13 going to hurt us." We sat down with the industry. We
14 went through curb allocations, curb coordinators,
15 relaxation of the requirement that everybody have a
16 reservation, and allow the walk-up business in concert
17 with the industry on the upper level. We went through
18 all of that.

19 We exhausted all of the avenues that we knew
20 in conjunction with the industry, because we recognized
21 that we were on a collision course with this agenda
22 item. And we are now here. To revisit that same
23 process, which, quite frankly, bought us a little bit of
24 time but didn't solve the problem, I think is
25 counterproductive.



1 The fact that through this entire process,
2 through the prebid I think Mr. Fein indicated that now,
3 now that the results are published, the process is
4 seriously flawed is understandable.

5 But my recommendation to you is that we have
6 a, I think, three-year contract, that we move ahead,
7 that clearly we are not going to get any help from the
8 Public Utilities Commission, that we have a situation,
9 and unfortunately, as someone indicated earlier, the
10 Public Utility Commission isn't responsible for
11 operating San Francisco Airport efficiently. We are.

12 COMMISSIONER MATTISON: Have they purportedly
13 exercised jurisdictional longings over this matter, or
14 is that sort of just so much --

15 MR. TURPEN: Sheldon may be able to comment
16 more directly.

17 My concern, based on experience, is that they
18 have not been particularly responsive to our needs in
19 the face of their needs. They have a need to
20 deregulate. And our need to control, if you will, by
21 virtue of the circumstances we face seem mutually
22 exclusive goals. With the exception of the six-month
23 moratorium, which took us in excess of a year, I think,
24 to secure, we have not been terribly successful.

25 COMMISSIONER MURPHY: What is their current



1 posture on the new permits?

2 MR. TURPEN: Sheldon can tell you.

3 MR. FEIN: They will basically be issuing
4 operating permits to all the companies that apply to
5 them.

6 However, what they do is put in a clause in
7 all the operating permits to say that before the company
8 can operate at San Francisco Airport -- it singles the
9 Airport out statewide -- that before they can operate at
10 San Francisco Airport they have to get a permit from the
11 Airports Commission. So, they recognize that there is a
12 problem. However, they are going to continue to issue
13 permits to all the companies that operate, that want a
14 permit.

15 COMMISSIONER MURPHY: It's just become our
16 problem.

17 COMMISSIONER MATTISON: So, PUC specifically
18 points out, of all the airports in the state, they say,
19 "At SFO we ain't dealing with it. It's their problem to
20 deal with."

21 COMMISSIONER MURPHY: Would the PUC permit us
22 to freeze future permits in that language, simply say
23 no?

24 MR. FEIN: I don't know what the -- the PUC
25 Commission will continue to issue permits.

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1 MR. TURPEN: I think the issue is drop-off
2 versus pick-up. All of a sudden we have another whole
3 series of problems. What we are addressing here today,
4 really, this is a pick-up issue more than a drop-off
5 issue. What I am saying is, there is a problem that
6 unfortunately is --

7 COMMISSIONER MURPHY: As I understand, what
8 Lorries has done is bid some 300,000 plus, and
9 SuperShuttle has bid some 50,000 plus as a part of this
10 process. There were other bids that were perhaps high.
11 I don't need precise dollars. And there were other bids
12 in other cash amounts, without getting into the why's
13 and wherefore's of it. And this is revenue that in the
14 past we have not had.

15 MR. TURPEN: That is correct.

16 COMMISSIONER MURPHY: Not everybody in the
17 room will accept this, but we are not motivated by the
18 revenue. We are motivated by the congestion issue.

19 Has any thought been given to a slotting,
20 selling slots?

21 MR. TURPEN: At one time there was,
22 Commissioner. As part of that evaluation which occurred
23 in '89 and '90 we went into a slot allocation, or we
24 looked at a slot allocation concept.

25 MR. FEIN: At one time we had looked into it.



1 And most of the companies, especially the smaller
2 companies, said that if they bid on a slot basis it
3 would be unfair to them, because they did not have the
4 revenue to bid against the larger companies.

5 COMMISSIONER MURPHY: Suppose we had two
6 arrangements. One is some curbside slots and then a
7 free fire zone, if you will.

8 MR. FEIN: I think, as you heard from
9 Mr. Solorio before, the problem now is he only can get
10 to the curb he said once an hour. I don't know what the
11 time is. If you have a slot --

12 COMMISSIONER MURPHY: But if the PUC in its
13 wisdom is right that 89 percent of the passengers coming
14 out don't care, other than maybe having
15 location-specific demands, I want to go to San Jose or I
16 want to go to Berkeley --

17 MR. TURPEN: I think it's a question of
18 control, Commissioner. it's a question of control. Who
19 is going to control the 10 minutes that someone is in
20 that slot? We can with an inordinate police presence
21 control it and move people off the curb.

22 COMMISSIONER MURPHY: By slot you mean?

23 MR. TURPEN: Slot. Physical time slot.

24 COMMISSIONER MURPHY: I assume what is likely
25 as a matter of sheer economics is that Lorries or



1 SuperShuttle are likely to bid for slots.

2 MR. TURPEN: But at the end of the day, who
3 -- we are back -- the problem is that the van business,
4 which was a reservation business both ways, is turning
5 into a reservation business one way and a walk-up
6 business the other way.

7 COMMISSIONER MURPHY: But the one who pays to
8 have a van sitting there all the time gets the benefit.

9 MR. TURPEN: The problem -- look. My view is
10 real simple. I cannot guarantee you, without an
11 inordinate expenditure, that we can preserve those
12 parking places. I have a hard time sometimes preserving
13 the parking places of Commissioners, let alone 25 van
14 companies. Having said that, I am not going to
15 represent to you there is going to be a wild success.

16 COMMISSIONER MURPHY: Showing how tough you
17 are, let the record show I got ticketed at the Christmas
18 party.

19 MR. FEIN: Can I correct one statement that
20 I --

21 MR. TURPEN: And he hasn't forgotten yet,
22 either.

23 MR. FEIN: When Mr. Smith was here, the
24 numbers he used, that 89 percent, that was not people
25 that preferred no company. 89 percent was the



1 percentage of people that left the Airport without a
2 reservation. The statistics, as far as the people
3 preferring a service, 50 percent of the people preferred
4 SuperShuttle. It was 89 percent of the people, though,
5 that did not have reservations when leaving the Airport.
6 Those are the numbers.

7 MR. TURPEN: They walked out with a view that
8 there is a van there.

9 MR. SMITH: Mr. Murphy, on the plan that we
10 would like to improvise, we talked to retired San
11 Francisco policemen who would sit up there -- and they
12 are the best. With all companies combined chipping into
13 the fund paying for the curb coordination, we can get
14 San Francisco's retired finest up there to curb
15 coordinate for us.

16 COMMISSIONER MURPHY: Not wearing a badge.

17 MR. SMITH: Not wearing a badge. And they
18 would be in uniform.

19 MR. TURPEN: At the Commission's pleasure, we
20 will be happy to respond in whatever way the Commission
21 wishes.

22 COMMISSIONER JEANPIERRE: I don't know that
23 we have enough information. There appears to be certain
24 questions still in the mind of some of my fellow
25 Commissioners. Personally, what I am not clear on is

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1 going forward. And acquiescing to the request by some
2 of the non-winners here, I don't know exactly what will
3 be accomplished, because we have studied it several
4 years running, and we keep coming back to the same
5 place. And the issues appear to be limited capacity at
6 the Airport versus shuttle overpopulation. And I am
7 hearing things about --

8 MR. TURPEN: And the specter of even more
9 overpopulation.

10 COMMISSIONER JEANPIERRE: And I am hearing
11 about the winning proponents, where they fall short in
12 certain areas, which is a concern, because we should
13 have the appropriate individuals operating this.

14 MR. TURPEN: With respect to that,
15 Commissioner, what date do they have to have their --

16 MS. GITTENS: At this point we are estimating
17 the starting date to be the end of January.

18 MR. TURPEN: To allow the requisite permits
19 and requisite authorities.

20 COMMISSIONER MURPHY: I think -- this is my
21 thought, one Commissioner's thought only. I would like
22 to see this matter kicked over to the meeting on
23 September 7th, the Tuesday after Labor Day, in
24 September. I would like at that time to hear two
25 proposals. I would like to hear an industry proposal,



1 supported by as much of industry as can get their act
2 together, and speak with one voice on how they would --
3 this gentleman who has been talking about how they would
4 think it ought to be done.

5 MR. TURPEN: And paid for.

6 COMMISSIONER MURPHY: And it's paid for.
7 Because it's going to require dispatchers or extra
8 police or, some police to stop fights.

9 MR. TURPEN: And how they propose to deal
10 with PUC and future permittees.

11 COMMISSIONER MURPHY: Got that issue? Got
12 the issue of added vans.

13 I would secondly like to hear a proposal from
14 the staff, looking at a slotting arrangement. It seems
15 to me that the Lorries and SuperShuttle bids ought to be
16 revisited as slot bids, and maybe have another slot
17 awarded -- I don't know if we can look at that -- and
18 then look at a portion of the red and yellow becoming a
19 free zone, free walk-up zone to be served by the smaller
20 companies on a rotational basis. There would have to be
21 with that, obviously, a call board. And you have
22 arrangements of a sort already, but where people could
23 request a specific company.

24 MR. TURPEN: Subject to the limitations that
25 we have --



1 COMMISSIONER MURPHY: I will be very frank
2 with you. I have got two things that are rubbing my fur
3 the wrong way on this one.

4 Thing one is, I don't believe for a second
5 what we have come up with here is going to result in
6 lower congestion.

7 And secondly, I am very concerned that we
8 are, in a time of economic difficulty, putting people
9 out of business, because I think the practical effect
10 will be that people go out of business.

11 It may be that none of these things will
12 work, and on September 7th we are going to have to vote
13 for this because there is nothing better.

14 In the last analysis, as Commissioner
15 Mattison said, we have got to serve the public at SFO.
16 We get one chance to make a first impression, and we
17 don't need shuttle company riots at the curb or heavy
18 solicitation of customers coming out of the terminal.

19 I am troubled by these two concepts, and
20 that's why -- I know it's been an issue, and it's been
21 an issue ever since I have been on the Commission, and
22 that's five years now. And it will probably remain with
23 the Commission.

24 COMMISSIONER MATTISON: The challenge is
25 going to be to come up with anything that's not a



1 free-for-all, and I have no clue how it's going to
2 happen.

3 It occurs to me that the process you went
4 through works and gives the highest quality service to
5 the traveling public, trying to balance the equity of
6 trying to keep the small niche operators in business, or
7 forcing them to try and come up with an arrangement,
8 whereby I think in fact Lorries had previously requested
9 a couple of joint bid endeavors which were apparently
10 rebuffed.

11 One way or another, given the process they
12 went through and given the quality of their bids, if we
13 administer them and they comply with those bids, the
14 public is going to be damn well served. And I would
15 suspect that a plan that keeps them in, as Commissioner
16 Murphy said, in a slotting arrangement pursuant to those
17 bids is probably, certainly where I am inclined right
18 now.

19 But that doesn't necessarily eliminate the
20 possibility of a third geographic slot that is somehow
21 administered, management of a niche on a rotating basis,
22 on some other sort of administrative basis. And I wish
23 I were smart enough to figure it out right here and now.

24 MR. TURPEN: The only thing is, the
25 Commission understands fully, we will come back with it.



1 It will take an inordinate amount -- it has to be
2 managed. You have heard good comments about the taxi
3 operation.

4 COMMISSIONER MURPHY: It takes management.

5 MR. TURPEN: It takes an inordinate amount of
6 manpower and money to make sure that works smoothly. We
7 are prepared to make those commitments.

8 COMMISSIONER MURPHY: A possible source of
9 funding for that is the sale of the first couple of
10 slots.

11 MR. TURPEN: Possibly. As I said, we have
12 looked at bidding slots for the Airport as part of this
13 process early on. We will take another look at it.

14 COMMISSIONER MATTISON: We are trying also to
15 deal with the notion of if there is some possibility of
16 a third managed slot, if you will, a rotating timeshare
17 slot or series of slots in one physical location. The
18 idea is obviously to keep that burden from falling
19 downstairs. And we may or may not be on the right track
20 here.

21 COMMISSIONER JEANPIERRE: I would also to
22 like to ask the indulgence of the two companies that did
23 come through this process and were successful in that
24 bid. I know it took a lot of time, effort, and
25 resources on your part to respond to this, and you



1 appreciate we will just ask you to know there is a
2 little bit longer to make sure we flush all these other
3 issues out and make sure questions that were raised were
4 addressed.

5 COMMISSIONER MURPHY: As an addition to that,
6 let me make it very clear to the SFO Shared Ride
7 Association and others who have appeared here, we are
8 very close to the midnight hour on this issue. This is
9 not just going to go on and on. This is your last
10 opportunity to sit down and work out something equitable
11 and sensible that you --

12 MR. SOLORIO: It was not a chance to work for
13 capital? It's very easy. We can look at the meeting,
14 and how many they can take out.

15 MR. TURPEN: I don't think we can satisfy it
16 here. The bottom line is, we understand the
17 Commission's concern.

18 COMMISSIONER MURPHY: This gentleman in the
19 back has been trying to say something.

20 MR. SEVILETTA (Phonetic): I would just like
21 to have one minute. My opinion is the Commission runs
22 the Airport, and that's fine. The State PUC has nothing
23 to do -- the State PUC would not let them get out of the
24 Airport without being licensed.

25 The other thing is that the San Francisco



1 City and County, in permitting the Airport, condemned
2 the PUC to, the State, not to issue any more PUC permit
3 holders until a moratorium, which they take about a year
4 ago or so. Now I hope that the City of San Francisco
5 and the Airport would try to convince the State PUC to
6 issue more permits, which they already issued, meaning
7 that 24 companies would be out of service, including
8 myself. My company is San Francisco City Shuttle. My
9 name is Seviletta (phonetic). That's all I have to say.

10 COMMISSIONER MURPHY: All right.

11 SuperShuttle. Mr. Goss.

12 MR. GOSS: I will just be a minute. I have
13 heard a lot here today on the shared ride concept, which
14 I believe personally I have been very heavily involved
15 in over the last 10 years of my life.

16 I would just like to address the blue curb
17 the yellow curb and the red curb as it is now, and the
18 long lines that stand at the blue curb.

19 We offered the company that was on the curb,
20 Bayporter, a chance to bid this contract. They refused.
21 We offered two others. They refused. We had no
22 alternative but to bid this by ourselves or take the
23 chance of maybe losing the right to serve the 50 percent
24 of the customers that are here now.

25 But the concept of shared ride is one that --



1 I came here today in a taxicab. It cost me \$29 plus a
2 tip. I was by myself. I needed to get here in a hurry,
3 so I chose a mode of transport which the Airport offers
4 and got here in a cab, and came here in time.

5 At the level there to come downtown in a
6 SuperShuttle, where most of the area in San Francisco
7 that we serve, it costs you \$10. Sometimes, when you
8 have a dollar off coupon in your hand, it costs you nine
9 dollars. If you stand on the curb more than 10 minutes
10 or 15 minutes we sometimes comp your ride home, because
11 we inconvenienced you as a customer.

12 We maintain that curb, and we run a shared
13 ride business. And the only people who come out to that
14 curb are the people who want to have a shared ride home,
15 not people who might be taxicab people. They are people
16 who might be shared ride users. 50 percent of those
17 customers come from communities in and around San
18 Francisco, not the downtown hotels. 50 percent go out.
19 So, a small pinch of our business is actually from the
20 hotels themselves.

21 COMMISSIONER MURPHY: Thank you, Mr. Goss.
22 Okay. Very last comment of the day.

23 MR. SMITH: I am sorry. Martin Smith of the
24 Yellow Van. I would like to thank you for giving us the
25 opportunity. We will bring a plan back. We will show



1 the costs of the plan, and I just thank you for the 11th
2 hour opportunity.

3 COMMISSIONER MURPHY: I don't know what the
4 other Commissioners are doing, whether they are with me
5 or not. But the one thing is, don't come back with a
6 plan on the 7th. You better talk to the staff.

7 MR. SMITH: We are eager to meet with the
8 staff or anybody who will sit down and talk with us.

9 COMMISSIONER HO: I want to be a little bit
10 clear.

11 COMMISSIONER MURPHY: Commissioner Ho.

12 COMMISSIONER HO: So, what are we doing now?

13 COMMISSIONER MURPHY: What I have suggested
14 is simply that we kick this matter over to the 7th of
15 September, which is the first regular scheduled meeting
16 of the Airport Commission in September.

17 At that time we would consider whether to go
18 ahead with this proposal or whether one of two
19 alternatives makes more sense, that is, the so-called
20 industry proposal they are going to work up and discuss
21 with Mr. Fein in the interim.

22 And I ask, if my view is followed here, that
23 the staff take a look at an arrangement which I refer to
24 very loosely as a slotting arrangement, whereby there be
25 a couple of major slots that are bid and there be some



1 minor slots that are on a shared basis, so all the small
2 operators still have an ability to participate at the
3 airport. And the revenue from sale of smaller slots
4 will fund the operation of the whole thing.

5 MR. TURPEN: Well, what we understand as full
6 cost recovery.

7 COMMISSIONER MURPHY: One way or another, it
8 has to be a cash evening.

9 COMMISSIONER MATTISON: It has to at least be
10 the same impact that we currently have on the table.
11 Presumably we are not throwing it out.

12 COMMISSIONER MURPHY: No. But my feeling is
13 that the approximate \$380,000 we would make from the
14 current bid is going to be spent policing mayhem on the
15 lower deck, so I view this as cost neutral.

16 MR. TURPEN: I understand.

17 COMMISSIONER MURPHY: All right. Very last
18 comment.

19 MR. TONY RUIZ: My name is Tony Ruiz. I am
20 president of Lorries. We understand your problems. We
21 are willing to wait, but we are very disappointed. We
22 felt we won the bid and we should have been awarded the
23 bid. Thank you, sir.

24 COMMISSIONER MURPHY: I understand.

25 Okay. I will move that this be continued to



1 September 7th, the regularly scheduled meeting on that
2 date.

3 COMMISSIONER JEANPIERRE: Second.

4 COMMISSIONER MURPHY: Vote.

5 SECRETARY CARAMATTI: Commissioner Murphy?

6 COMMISSIONER MURPHY: Yes.

7 SECRETARY CARAMATTI: Commissioner Mattison?

8 COMMISSIONER MATTISON: Yes.

9 SECRETARY CARAMATTI: Commissioner

10 Jeanpierre?

11 COMMISSIONER JEANPIERRE: Yes.

12 SECRETARY CARAMATTI: Commissioner Ho?

13 COMMISSIONER HO: Yes.

14 (12:22 p.m.)
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CERTIFICATE OF REPORTER

I, Sarah Lucia Brann, duly authorized
shorthand reporter, do hereby certify:

That the foregoing transcript constitutes a
true, full and correct transcript of my shorthand notes
taken as such reporter of the proceedings herein and
reduced to typewriting under my supervision and control
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Sarah Lucia Brann



